CIRCULAR DATED 14 JUNE 2024

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ERNST & YOUNG CORPORATE FINANCE PTE LTD. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Great Eastern Holdings Limited. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein), you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or the transferee. Please note that no printed copies of this Circular will be disseminated to Shareholders (as defined herein). Only printed copies of the Notice (as defined herein) regarding the electronic dissemination of this Circular will be despatched to Shareholders.

The SGX-ST (as defined herein) assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.

Great Eastern
A member of the OCBC Group

GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199903008M)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL GENERAL OFFER

by

J.P. MORGAN SECURITIES ASIA PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197300590K)

for and on behalf of

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 193200032W)

to acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Independent Directors

EY

ERNST & YOUNG CORPORATE FINANCE PTE LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 199702967E)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 28 JUNE 2024 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**Accepting Shareholder**"	:	A Shareholder who validly accepts or has validly accepted the Offer
"**Announcement Date**"	:	10 May 2024, being the date of the Offer Announcement
"**Annual Report**"	:	The annual report of the Company
"**Business Day**"	:	A day (other than Saturday or Sunday) on which banks are open for general business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders enclosing, *inter alia*, the recommendation of the Independent Directors and the IFA Letter
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act 1967 of Singapore
"**Company**" or "**GEH**"	:	Great Eastern Holdings Limited (Company Registration No. 199903008M)
"**Company Securities**"	:	(a) Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of the Shares or other securities which carry voting rights in the Company
"**Constitution**"	:	The constitution of the Company
"**CPF**"	:	The Central Provident Fund
"**CPF Agent Banks**"	:	The banks approved by CPF to be its agent banks, being DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
"**CPFIS**"	:	CPF Investment Scheme
"**CPFIS Investors**"	:	Investors who purchase Shares using their CPF savings under the CPFIS
"**Despatch Date**"	:	31 May 2024, being the date of electronic dissemination of the Offer Document to Shareholders
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date

"**<u>FAA</u>**"	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
"**<u>FAT</u>**"	:	Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
"**<u>FY21</u>**"	:	The financial year ended 31 December 2021
"**<u>FY22</u>**"	:	The financial year ended 31 December 2022
"**<u>FY23</u>**"	:	The financial year ended 31 December 2023
"**<u>FY24</u>**"	:	The financial year ending 31 December 2024
"**<u>GEH Group</u>**"	:	The Company and its subsidiaries
"**<u>IFA</u>**"	:	Ernst & Young Corporate Finance Pte Ltd (Company Registration No. 199702967E), being the independent financial adviser to the Independent Directors in respect of the Offer
"**<u>IFA Letter</u>**"	:	The letter dated 14 June 2024 from the IFA to the Independent Directors in relation to the Offer as set out in **Appendix I** to this Circular
"**<u>Independent Directors</u>**"	:	The Directors who are considered independent for the purposes of the Offer, namely Mr Soon Tit Koon, Dr Chong Yoke Sin, Mr Lee Fook Sun, Dr Lim Kuo Yi, Mr Ng Chee Peng, Mr Tam Chee Chong and Mrs Teoh Lian Ee
"**<u>Interested Person</u>**"	:	As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company)

and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

"**J.P. Morgan**"	:	J.P. Morgan Securities Asia Private Limited (Company Registration No. 197300590K)
"**Latest Practicable Date**"	:	6 June 2024, being the latest practicable date prior to the electronic dissemination of this Circular to Shareholders
"**Listing Manual**"	:	The SGX-ST Listing Manual
"**Notice**"	:	The written notice dated 14 June 2024 issued by the Company informing Shareholders of, *inter alia*, the electronic dissemination of this Circular
"**Offer**"	:	The voluntary unconditional general offer made by the Offeror for the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	The announcement relating to the Offer released by the Offeror on the Announcement Date
"**Offer Document**"	:	The offer document dated 31 May 2024, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update such document(s) from time to time
"**Offer Price**"	:	SGD25.60 for each Offer Share
"**Offer Shares**"	:	All Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries
"**Offeror**"	:	Oversea-Chinese Banking Corporation Limited (Company Registration No. 193200032W)
"**Offeror Options**"	:	Share options in respect of Offeror Shares granted under the OCBC Share Option Scheme 2001
"**Offeror Securities**"	:	(a) Offeror Shares; (b) other securities which carry voting rights in the Offeror; and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or other securities which carry voting rights in the Offeror
"**Offeror Shares**"	:	Issued ordinary shares in the share capital of the Offeror
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown in the Register or, as the case may be, in the records of CDP
"**Register**"	:	The register of holders of Shares, as maintained by the Registrar

"**Registrar**" or "**Receiving Agent**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**Relevant Acceptance Forms**"	:	The FAA and/or the FAT, as the case may be
"**SFA**"	:	The Securities and Futures Act 2001 of Singapore
"**SFRS(I)**"	:	The Singapore Financial Reporting Standards (International)
"**SGD**" or "**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
"**SGXNET**"	:	Singapore Exchange Network
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under the SRS
"**SRS Investors**"	:	Investors who purchase Shares pursuant to the SRS
"**%**" or "**per cent.**"	:	Percentage or per centum
"**1Q24**"	:	The first quarter of FY24 ended 31 March 2024
"**1Q24 Financial Summary**"	:	The financial summary of the GEH Group for 1Q24, as announced by the Company on 29 April 2024

Acting in Concert. The expression "**acting in concert**" and the term "**concert parties**" shall have the meanings as ascribed to them respectively in the Code.

Capitalised Terms. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

Depositors, etc. The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and vice versa. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

Shareholders. References to "**you**" and "**your**" in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

Subsidiaries, Related Corporations. The expressions "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively unless otherwise specified.

Total Number of Shares and Percentage. In this Circular, the total number of Shares is a reference to a total of 473,319,069 Shares[1] in issue as at the Latest Practicable Date unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 473,319,069 Shares[1] in issue as at the Latest Practicable Date.

1 The Company has no treasury shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future and conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements. Neither the Company nor the IFA guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

INDICATIVE TIMETABLE

Despatch Date of the Offer Document	:	31 May 2024
Closing Date in respect of the Offer [(1)(2)(3)]	:	5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
Date of settlement in respect of the Offer [(1)]	:	With respect to an Accepting Shareholder, within seven (7) Business Days after the date of receipt by the Offeror of valid acceptances and all other relevant documents from such Accepting Shareholder[(4)]

Notes:

(1) Please also refer to Appendix 1 to the Offer Document for further details.

(2) The Offer Document states that the Offer is open for acceptances by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

(3) CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be).

(4) The Offer Document states that the Offeror will endeavour to make payment within five (5) Business Days after the date of receipt of valid acceptances and relevant documents from each Accepting Shareholder.

GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199903008M)

LETTER FROM THE BOARD OF DIRECTORS

Board of Directors:	**Registered Office:**
Mr Soon Tit Koon (Chairman, Non-Executive Independent Director) Dr Chong Yoke Sin (Non-Executive Independent Director) Mr Lee Fook Sun (Non-Executive Independent Director) Mr Lee Kok Keng Andrew (Non-Executive Non-Independent Director) Mr Lee Lap Wah George (Non-Executive Independent Director) Dr Lim Kuo Yi (Non-Executive Independent Director) Mr Ng Chee Peng (Non-Executive Independent Director) Mr Tam Chee Chong (Non-Executive Independent Director) Mrs Teoh Lian Ee (Non-Executive Independent Director) Ms Wong Pik Kuen Helen (Non-Executive Non-Independent Director)	1 Pickering Street #16-01 Great Eastern Centre Singapore 048659

14 June 2024

To : Shareholders of the Company

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY J.P. MORGAN, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 10 May 2024, being the Announcement Date, J.P. Morgan announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional general offer for all the Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries ("**Offer Shares**") at SGD25.60 per Offer Share, in accordance with Section 139 of the SFA and Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

On 31 May 2024, the Offer Document was electronically disseminated to Shareholders by J.P. Morgan, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions contained therein carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Offer before deciding whether to accept the Offer.

2. TERMS OF THE OFFER

The Offer is made by J.P. Morgan for and on behalf of the Offeror on the principal terms set out in Sections 2 and 3 of the Letter to Shareholders in the Offer Document, details of which have been extracted from the Offer Document and reproduced in italics below.

"***2. TERMS OF THE OFFER***

2.1 ***Offer.*** *The Offeror hereby makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.*

2.2 ***Offer Shares.*** *The Offer is extended to all Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries.*

2.3 ***Offer Consideration.*** *The consideration for Offer Shares validly tendered in acceptance of the Offer is:*

For each Offer Share: SGD25.60 in cash ("Offer Price").

2.4 ***No Encumbrances.*** *The Offer Shares will be acquired:*

(i) fully paid;

(ii) free from any Encumbrances; and

(iii) save as provided in ***Section 2.5*** *of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date.*

2.5 ***Adjustments for Distributions.*** *A final one-tier tax exempt dividend of 40 cents per Share in respect of FY23 ("****FY23 Final Dividend****") was recommended by the directors of GEH and approved by Shareholders. The books closure date for determination of entitlement to the FY23 Final Dividend was 2 May 2024 and the FY23 Final Dividend was paid on 17 May 2024. The Offeror will not make any deductions from the Offer Price for the FY23 Final Dividend. Shareholders who validly accept or have validly accepted the Offer ("****Accepting Shareholders****") and have received the FY23 Final Dividend will retain the FY23 Final Dividend.*

2.6 ***Unconditional Offer. The Offer is unconditional in all respects.***

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

(i) fully paid;

(ii) free from any Encumbrances; and

(iii) save as provided in ***Section 2.5*** *of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date.*"

3. DETAILS OF THE OFFER

3.1 Closing Date

The Offer Document states that the Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.2 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on the (a) duration of the Offer; (b) settlement of the consideration for the Offer; (c) requirements relating to the announcement of the level of acceptances of the Offer; and (d) right of withdrawal of acceptances of the Offer.

4. PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document. As stated in the Offer Document, under the Code, the Offeror is required to make payment of the Offer Price to each Accepting Shareholder within seven (7) Business Days after the date of receipt by the Offeror of valid acceptances and all other relevant documents from such Accepting Shareholder. However, the Offeror will endeavour to make payment within five (5) Business Days after the date of receipt of such valid acceptances and relevant documents from each Accepting Shareholder.

5. INFORMATION ON THE OFFEROR

Details of the Offeror are set out in Section 6 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below.

"***6. INFORMATION ON THE OFFEROR***

6.1 ***The Offeror.*** *The Offeror was incorporated in Singapore on 31 October 1932 and is listed on the Mainboard of the SGX-ST. The Offeror Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services. The Offeror Group's key markets comprise Singapore, Malaysia, Indonesia and Greater China, with close to 420 branches and representative offices in 19 countries and regions.*

6.2 ***Market Capitalisation and Share Capital.*** *As at the Latest Practicable Date, the Offeror has a market capitalisation of SGD65.0 billion and an issued and fully paid-up share capital of SGD18.6 billion, comprising 4,514,941,829 Offeror shares (including 15,069,676 treasury shares).*

6.3 ***Shareholding in GEH.*** *As at the Latest Practicable Date, the Offeror owns 418,586,759*[2] *Shares, representing approximately 88.44 per cent. of the Shares in the capital of GEH.*

6.4 ***Directors.*** *As at the Latest Practicable Date, the Offeror Directors are:*

Name	***Description***
Lee Kok Keng Andrew	*Chairman, Non-Executive Independent Director*
Chong Chuan Neo	*Non-Executive Independent Director*
Chua Kim Chiu	*Non-Executive Independent Director*
Khoo Cheng Hoe Andrew	*Non-Executive Independent Director*
Lee Tih Shih	*Non-Executive Non-Independent Director*
Christina Hon Kwee Fong (Christina Ong)	*Non-Executive Independent Director*
Seck Wai Kwong	*Non-Executive Independent Director*
Pramukti Surjaudaja	*Non-Executive Non-Independent Director*
Tan Yen Yen	*Non-Executive Independent Director*
Wong Pik Kuen Helen	*Executive Non-Independent Director*

6.5 ***Additional Information. Appendix 3*** *to this Offer Document sets out additional information on the Offeror.*"

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from Section 8 of the Letter to Shareholders in the Offer Document, and is reproduced in italics below.

"***8. RATIONALE FOR THE OFFER***

8.1 ***Offer is in line with the Offeror's corporate strategy and strengthens its business pillars of banking, wealth management and insurance***

First announced in 2022, the Offeror's corporate strategy is focused on four growth drivers to capture regional trade, investment and wealth flows. One of the growth drivers is to capture rising Asian wealth with its Singapore-Hong Kong-Dubai hubs and digital propositions.

[2] Shares registered in the name of Citibank Nominees Singapore Pte Ltd. This excludes the Offeror's deemed interest in 56,900 Shares held by its subsidiary, BOS Trustee Limited, as trustee of The SOME Trust for 49,900 Shares and as trustee of The Kudzu 2022 Trust for 7,000 Shares.

In a fast-growing region that has seen rising demand for products and solutions to enhance and preserve wealth, bringing GEH even closer to the Offeror reinforces its long-term vision of becoming the leading wealth management player.

As the GEH Group has been part of the Offeror's stable of companies for decades, the Offeror and the GEH Group share a synergistic relationship. The Offeror is able to customise a full suite of investment, insurance and estate planning solutions for its customers, while the GEH Group has benefited from its access to the Offeror's extensive retail and commercial customer base.

8.2 ***Offer enhances returns and optimises capital***

The Offer is expected to be earnings accretive to the Offeror[3]*. GEH provides diversification to the Offeror's earnings base to deliver balanced earnings growth through economic cycles. The GEH Group has contributed an average of about SGD700 million annually in net profit to the Offeror over the past ten years, which translates to an average of about 15 per cent. of the Offeror's yearly net profit over this period.*

The Offer presents an opportunity for the Offeror to deploy its capital to generate greater returns for its shareholders. By increasing its investment in GEH, the Offeror can further capture the benefits from ongoing synergies and have a greater share of GEH's value."

7. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror's intentions in relation to the Company have been extracted from Sections 9 and 11 of the Letter to Shareholders in the Offer Document, and are reproduced in italics below.

"***9. OFFEROR'S INTENTIONS FOR GEH***

It is the intention of the Offeror to continue to develop and grow the businesses of the GEH Group. The Offeror has no current intentions to (i) introduce any major changes to the existing business of GEH, (ii) to redeploy the fixed assets of GEH or (iii) discontinue the employment of the existing employees of the GEH Group, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility to at any time consider undertaking a strategic and operational review of GEH with a view to realising synergies, economies of scale, cost efficiencies and growth potential.

11. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) SHAREHOLDER RIGHTS

11.1 ***Listing Status and Trading Suspension.*** *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that it has received acceptances which result in the Offeror and its concert parties holding more than 90 per cent. of the total number of Shares, the SGX-ST may suspend the trading of the listed securities of GEH on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares are held by at least 500 Shareholders who are members of the public ("***Free Float Requirement***"). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares, thus causing the percentage of the total number of*

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[3] Based on the financial statements of the Offeror and GEH for FY23.

Shares held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares held in public hands falls below 10 per cent., GEH must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of GEH on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow GEH a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares held by members of the public to be raised to at least 10 per cent., failing which GEH may be removed from the Official List of the SGX-ST.

The Offeror intends to seek a delisting of GEH from the SGX-ST if the Free Float Requirement is not met. The Offeror does not intend to support any action or take any steps to maintain the listing status of GEH in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual. In addition, the Offeror reserves the right to seek a voluntary delisting of GEH from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Shareholders who do not accept the Offer should note that in the event:

(a) ***GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and***

(b) ***the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH but, pursuant to Rule 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.***

11.2 ***Compulsory Acquisition.*** *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue (excluding those Shares already held by the Offeror, its related corporations or their respective nominees*[4] *as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Offer Shares held by Shareholders who have not accepted the Offer ("****Dissenting Shareholders****").* ***The Offeror, if so entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act.***

11.3 ***Section 215(3) Shareholder Rights.*** *In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Offer Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees*[4] *acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees*[4]*, comprise 90 per cent. or more of the total number of Shares. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*"

[4] And other persons required to be excluded under Section 215(9A) of the Companies Act.

8. DIRECTORS' INTERESTS

Details of the Directors, including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in **Appendix II** to this Circular.

9. ADVICE IN RELATION TO THE OFFER

9.1 Appointment of Independent Financial Adviser

Ernst & Young Corporate Finance Pte Ltd has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept the Offer.

The advice of the IFA to the Independent Directors in respect of the Offer is set out in the IFA Letter annexed as **Appendix I** to this Circular.

9.2 The IFA's Advice to the Independent Directors

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions as set out in the IFA Letter, the IFA has given its advice (an extract of which is reproduced in italics below) in respect of the Offer. Unless otherwise defined or the context otherwise requires, all capitalised terms in the extract below shall have the same meanings as those defined in the IFA Letter.

Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix I** to this Circular.

"***10 OUR OPINION AND ADVICE ON THE OFFER***

In arriving at our advice on the Offer to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Offer. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Offer from a financial point of view, we have considered, among others, the following factors:

(a) The Offer Price of SGD25.60 per Share is lower than the derived range of values for the Shares. We have determined the range of values of the Shares to be from approximately SGD28.87 per Share (based on application of the average P/EV Ratio of the Comparable Companies over the ten-year period prior and up to the Latest Practicable Date of 0.8 times to the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date) to approximately SGD36.19 per Share (based on the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date).

(b) *The P/EV Ratio implied by the Offer Price of 0.70 times represents a 30% discount to the reported Embedded Value of the Group as at 31 December 2023 and does not ascribe a value to the Group's Value of One Year's New Business; and*

(c) *The P/NAV Ratio implied by the Offer Price of 1.5 times is lower than the average and median P/NAV Ratios of the Comparable Transactions of 1.8 times and 1.9 times, respectively.*

*After having considered carefully the information above, we are of the view that the Offer is **not fair**.*

In determining the reasonableness of the Offer, we have considered, among others, the following factors:

(a) ***Minority Interest.*** *As at the Latest Practicable Date, the Offer Shares comprise approximately 11.56% of the issued share capital of the Company. Such minority interests, even if fully aggregated into one voting block, will lack the authority to make management decisions, change key personnel or influence the business direction of the Group without the support of the Offeror.*

(b) ***Historical P/EV Ratio of the Group.*** *While the Offer Price represents an implied discount of 30.0% to the reported Embedded Value of the Shares as at 31 December 2023, the Shares had consistently traded below the Embedded Value per Share since October 2019 up to the Announcement Date.*

The P/EV Ratio implied by the Offer Price is above the average and median daily P/EV Ratios of 0.57 times and 0.53 times, respectively for the period of five years prior and up to the Announcement Date;

(c) ***Historical P/VOYNB Ratio of the Group.*** *The Shares had consistently traded below the implied P/VOYNB Ratio based on the Offer Price of 17.7 times since October 2019 up to the Announcement Date.*

The P/VOYNB Ratio implied by the Offer Price is above the average and median daily P/VOYNB Ratios of 13.8 times and 12.8 times, respectively for the period of five years prior and up to the Announcement Date;

(d) ***Historical liquidity of the Shares.*** *The average daily traded volume of the Shares for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years prior to and including the Last Trading Date are approximately 0.06%, 0.04%, 0.04%, 0.05%, 0.04% and 0.04% of the free float, respectively. The average daily traded volume of the Shares for the ten-year period preceding the Latest Practicable Date represents approximately 0.04% of the free float.*

The average daily traded volume of the Shares on the Last Trading Date is approximately 0.10% of the free float.

The daily traded volume of the Shares have significantly increased following the Announcement Date. The average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date is approximately 0.66% of the free float.

The traded volume of the Shares on the Latest Practicable Date represents approximately 0.61% of the free float.

The number of days on which Shares were traded on the SGX-ST for the different periods prior to and including the Last Trading Date ranged from approximately 99.6% to 100.0% of the *number of market days for the SGX-ST, and the Shares had been traded on every market day for the SGX-ST for the period following the Announcement Date up to the Latest Practicable Date.*

(e) ***Liquidity of the Shares against the liquidity of STI constituents.*** *The average daily trading volume of the Shares to free float of 0.10% for the 1-year period prior to and including the Latest Practicable Date is within the range of average daily trading volume to free float for the STI Constituents, but below the average and median.*

The average daily trading value of the Shares to the implied value of the Offer of 0.01% for the 1-year period prior to and including the Latest Practicable Date is below the range of average daily trading value to market capitalisation as at the Latest Practicable Date for the STI Constituents.

Taking into account the liquidity analyses of the Shares that have been performed, it would appear that the trading price of the Shares may not be fully reflective of the value of the Shares.

(f) ***Share price performance.*** *The Offer Price represents premia of approximately 38.6%, 40.0%, 42.3%, 45.1%, 42.3% and 29.0% over the VWAPs for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years to and including the Last Trading Date. The Offer Price represents a premium of approximately 15.5% over the VWAP for the ten-year period preceding the Latest Practicable Date, when the Shares traded between SGD16.45 (on 23 March 2020) and SGD31.59 per Share (on 19 April 2018).*

The Offer Price represents a premium of approximately 36.9% over the last transacted price as at the Last Trading Date.

The traded prices of the Shares have significantly increased following the Announcement Date. For the period following the Announcement Date up to the Latest Practicable Date, the Shares traded between SGD25.72 per Share and SGD26.42 per Share. The Offer Price of SGD25.60 represents a discount of 1.3% to the VWAP of the Shares over this period.

The Offer Price represents a discount of approximately 1.5% to the last transacted price as at the Latest Practicable Date of SGD26.00.

The last time the Shares traded at or over the Offer Price was on 30 July 2019.

(g) ***Price performance of the Shares against the Singapore equity market.*** *The Shares had generally underperformed the STI in relative terms from 1 January 2019 and up to the Latest Practicable Date.*

The significant uptick shown at the end of the period observed reflects the movements of the Shares following the announcement of the Offer.

The announcement of the Offer appears to have had an impact on the trading price and volume of the Shares, and the current trading price and volume of the Shares is likely to be supported by the Offer. There is no assurance that the market price and trading volume of the Shares as at the Latest Practicable Date will remain at the same levels after the close or lapse of the Offer.

(h) ***Trading Performance.*** *The Shares had consistently traded below the implied P/NAV Ratio based on the Offer Price since October 2019 up until the Announcement Date. The P/NAV Ratio* *implied by the Offer Price is above the average and median daily P/NAV Ratios for the period of five years prior and up to the Announcement Date.*

The Shares had also consistently traded below the implied P/E Ratio based on the Offer Price from January 2019 until the Announcement Date. The P/E Ratio implied by the Offer Price is above the average and median daily P/E Ratio for the period of five years prior and up to the Announcement Date.

(i) ***Comparison of valuation measures of the Group against the Comparable Companies.*** *The P/EV Ratio of the Group implied by the Offer Price is within the range of the P/EV Ratios of the Comparable Companies and in line with the average and median P/EV Ratios.*

The P/VOYNB Ratio of the Group implied by the Offer Price is within the range of the P/VOYNB Ratios of the Comparable Companies and above the average and median P/VOYNB Ratios.

(j) ***Comparison of valuation measures of the Group against the IFRS 17 Comparable Companies.*** *The P/NAV Ratio of the Group implied by the Offer Price is within the range of the P/NAV Ratios of the IFRS 17 Comparable Companies and above the average and median P/NAV Ratios.*

The P/E Ratio of the Group implied by the Offer Price is within the range of the P/E Ratios of the IFRS 17 Comparable Companies and above the average and median P/E Ratios.

(k) ***Comparison of valuation measures of the Group against the Comparable Transactions.*** *The P/NAV Ratio of the Group implied by the Offer Price is within the range of the implied P/NAV Ratios of the Comparable Transactions and below the implied average and median P/NAV Ratios.*

The P/E Ratio of the Group implied by the Offer Price is within the range of the implied P/E Ratios of the Comparable Transactions, below the implied median P/E Ratio and above the implied average P/E Ratio.

(l) ***Comparison with the Precedent Privatisation Transactions.*** *The premium implied by the Offer Price against the last transacted price of the Shares prior to the Announcement Date is within the range of premia, and is above the median and average premia of the Precedent Privatisation Transactions.*

The premia implied by the Offer Price against the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to the Announcement Date are within the range of premia, and are above the median and average premia of the Precedent Privatisation Transactions.

The P/NAV Ratio implied by the Offer Price over the NAV per Share as at 31 December 2023 is within the range of and is above the median and average P/NAV Ratios of the Precedent Privatisation Transactions.

(m) ***Dividend track record.*** *The Company has paid dividends in FY2021, FY2022 and FY2023, with dividend yields of 2.99%, 3.30% and 4.20% in FY2021, FY2022 and FY2023 respectively.*

The Company's dividend yields are within the range of the dividend yields of the Comparable Companies in FY2021, FY2022 and FY2023. In FY2021 and FY2022, the Company's dividend yields are slightly below the average and median dividend yields of the Comparable Companies, *while in FY2023, the Company's dividend yield is above the average and median dividend yields of the Comparable Companies.*

The Company has a sustainable dividend policy that will enhance long-term shareholder value. As set out in the AR2023, the Company's policy is to pay a more steady dividend payment twice yearly.

(n) ***Revision of the Offer.*** *Pursuant to Rule 20.1 of the Code, the terms of the Offer, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.*

(o) ***Offer is unconditional in all respects.***

(p) ***Offeror's intentions regarding the listing status of the Company and on compulsory acquisition.*** *The Offeror has stated that it is making the Offer with the intention to seek a delisting of the Company from the SGX-ST if the Free Float Requirement is not met. The Offeror also does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 and 1303(1) of the Listing Manual. In addition, the Offeror has stated that it reserves its right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.*

(q) ***Risk of trading suspension of the Shares.*** *As at the latest practicable date stated in the Offer Document, the Offeror's shareholding in the Company represents approximately 88.44% of the total number of issued Shares. As a result, if acceptances are received and/or purchases of the Shares are made by the Offeror amounting to approximately 1.56% of the total number of issued Shares, an announcement is required to be made by the Company, as soon as practicable, that the total number of Shares held in public hands has fallen below 10 per cent and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST.*

Taking into consideration the intention of the Offeror regarding the listing status of the Company, in the event that trading in the Shares is suspended under the Listing Manual and the Offeror is unable to exercise its rights regarding compulsory acquisition pursuant to Section 215(1) of the Companies Act at the close of the Offer or meet the conditions set out by SGX Regco to waive compliance with the voluntary delisting requirements pursuant to the Listing Manual, it may be possible that trading in the Shares of the Company will remain suspended indefinitely until a resolution is achieved.

The Offeror has stated in the Offer Document that Shareholders who do not accept the Offer should note that in the event:

(i) *GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and*

(ii) *the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724, 1105 or 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH but, pursuant to Rule 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.*

(r) ***Likelihood of competing offers.*** *Given the Offeror's shareholdings in the Company represent approximately 88.44% of the total number of issued Shares as at the latest practicable date stated in the Offer Document, we note that there is no other general offer that will be capable of turning unconditional or succeeding.*

(s) *The implications and/or potential consequences set out in Section 9.8.7 of this letter which may arise in the event of any suspension in the trading and/or delisting of the Shares.*

*After having carefully considered the information above, we are of the view that the Offer is **reasonable**.*

*Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are, on balance, **not fair but reasonable**. Taking the factors we have considered, we advise the Independent Directors to recommend that Shareholders **accept the Offer**.*

Shareholders may wish to sell their Shares in the open market if they are able to obtain a price higher than the Offer Price, net of related expenses (such as brokerage and trading costs). In this regard, we note that Shares have traded above the Offer Price subsequent to the Announcement Date.

We advise the Independent Directors to consider highlighting to the Shareholders that the current share price appears to be supported by the Offer and there is no assurance that the price and liquidity of the Shares will remain at current levels after the close of the Offer and the current price and liquidity performance of the Shares is not indicative of the future price performance levels of the Shares."

10. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

10.1 Exemptions by the SIC

Ms Wong Pik Kuen Helen, a Non-Executive Non-Independent Director of the Company, is also the Group Chief Executive Officer and an executive director of the Offeror. Mr Lee Kok Keng Andrew, a Non-Executive Non-Independent Director of the Company, is also the Chairman of the board of directors of the Offeror. Mr Lee Lap Wah George, a Non-Executive Independent Director of the Company, is also a director of OCBC Bank (Malaysia) Berhad, a subsidiary of the Offeror.

Accordingly, each of Ms Wong Pik Kuen Helen, Mr Lee Kok Keng Andrew and Mr Lee Lap Wah George is a party presumed to be acting in concert with the Offeror under the Code and may face, or may reasonably be perceived to face, a conflict of interest that may render it inappropriate for each of them to join the remainder of the Directors in making a recommendation on the Offer to the Shareholders.

The SIC has confirmed, *inter alia*, that Ms Wong Pik Kuen Helen, Mr Lee Kok Keng Andrew and Mr Lee Lap Wah George are exempted from making and assuming responsibility for any recommendation on the Offer to the Shareholders. Ms Wong Pik Kuen Helen, Mr Lee Kok Keng Andrew and Mr Lee Lap Wah George must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents issued by or on behalf of the Company in connection with the Offer.

10.2 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below.

The Independent Directors **concur** with the IFA's assessment of the Offer and its advice thereon, as set out in Section 9.2 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

The Independent Directors also wish to highlight to Shareholders that the current trading price of the Shares appears to be supported by the Offer and there is no assurance that the price and liquidity of the Shares will remain at current levels after the close of the Offer and the current price and liquidity performance of the Shares is not indicative of the future price performance levels of the Shares.

In making the above recommendation, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept the Offer. Shareholders are also urged to read the Offer Document carefully.

11. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

Pursuant to the public statements issued by the SIC dated 6 May 2020[5], 29 September 2020[6] and 29 June 2021[7] on the dissemination of take-over documents under the Code, no printed copies of this Circular will be despatched to Shareholders.

Instead, this Circular has been electronically disseminated to Shareholders through publication on the respective websites of the SGX-ST and the Company. The Notice containing instructions on how Shareholders can locate this Circular electronically has been despatched to Shareholders.

Electronic copies of this Circular and the Notice are available on the website of the SGX-ST at www.sgx.com and on the website of the Company at www.greateasternlife.com/sg/en/about-us/investor-relations/regulatory-announcement.html.

Shareholders may also obtain printed copies of this Circular, during normal business hours and up to the Closing Date, from the Company c/o The Great Eastern Life Assurance Company Limited, at its office located at 1 Pickering Street, #01-01 Great Eastern Centre, Singapore 048659, or by submitting a request to the Company by email (investor-relations@greateasternlife.com).

12. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 15 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below.

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5 Please refer to https://www.mas.gov.sg/news/media-releases/2020/electronic-dissemination-of-rights-issue-and-take-over-documents-allowed-until-30-september-2020.

6 Please refer to https://www.mas.gov.sg/news/media-releases/2020/electronic-dissemination-of-rights-issue-and-take-over-documents-extended-to-30-june-2021.

7 Please refer to https://www.mas.gov.sg/news/media-releases/2021/further-extension-of-temporary-measure-to-allow-for-electronic-dissemination-of--rights-issue-and-take-over-documents.

"***15.   OVERSEAS SHAREHOLDERS***

*15.1   **Overseas Shareholders.** This Offer Document, the Relevant Acceptance Forms and/or any related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document, the Relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and J.P. Morgan each reserves the right not to send this Offer Document, the Relevant Acceptance Forms and/or any related documents to such overseas jurisdictions.*

*The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (collectively, "**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. **Appendix 9** of this Offer Document also sets out additional information for Overseas Shareholders for certain jurisdictions.*

For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.

*15.2   **Copies of this Offer Document and Relevant Acceptance Forms.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document (including the Relevant Acceptance Forms) and any related documents from the website of the SGX-ST at www.sgx.com.*

*15.3   **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including J.P. Morgan, CDP and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, J.P. Morgan, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.*

*15.4   **Notice.** The Offeror and J.P. Morgan each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.*"

13. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Section 16 of the Letter to Shareholders in the Offer Document sets out information relating to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are reproduced in italics below.

"***16. INFORMATION RELATING TO CPF AND SRS INVESTORS***

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be)."

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. Please refer to Appendix 2 to the Offer Document, which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of the preparation of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular (other than the information in the Offer Document, the IFA Letter and any information relating to or opinions expressed by the Offeror and the IFA) are fair and accurate and that there are no other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Document) or obtained from the Offeror and/or the IFA, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources and/or reflected or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the GEH Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

The recommendation of the Independent Directors to Shareholders set out in Section 10.2 of this Circular is the sole responsibility of the Independent Directors.

16. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully,

For and on behalf of the Board of Directors of
Great Eastern Holdings Limited

Soon Tit Koon
Chairman

APPENDIX I

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Building a better
working world

Ernst & Young Corporate Finance Pte Ltd
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing Address:
Robinson Road
PO Box 384
Singapore 900734

ey.com

14 June 2024

The Independent Directors of
Great Eastern Holdings Limited
1 Pickering Street
#16-01 Great Eastern Centre
Singapore 048659

Dear Sirs:

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY J.P. MORGAN SECURITIES ASIA PRIVATE LIMITED ("J.P. MORGAN"), FOR AND ON BEHALF OF OVERSEA-CHINESE BANKING CORPORATION LIMITED (THE "OFFEROR") TO ACQUIRE ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF GREAT EASTERN HOLDINGS LIMITED ("GEH" OR THE "COMPANY"), OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR OR ITS SUBSIDIARIES (THE "OFFER")

1 INTRODUCTION

On 10 May 2024 (the "**Announcement Date**"), J.P. Morgan announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional general offer for all the issued ordinary shares in the capital of the Company (the "**Shares**") as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries (the "**Offer Shares**") at SGD25.60 per Offer Share, in accordance with Section 139 of the Securities and Futures Act 2001 of Singapore ("**SFA**") and Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**") (the "**Offer Announcement**").

On 31 May 2024, the offer document dated 31 May 2024 (the "**Offer Document**") was electronically disseminated to the shareholders of the Company (the "**Shareholders**") by J.P. Morgan, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Letter to Shareholders in the Offer Document.

In connection with the Offer, the Company has appointed Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") as the Independent Financial Adviser ("**IFA**") to the directors of the Company (the "**Directors**") who are considered independent with respect to the Offer (the "**Independent Directors**"), for the purpose of making a recommendation to the Shareholders in relation to the Offer.

This letter is addressed to the Independent Directors and sets out, *inter alia,* our evaluation and advice on the financial terms of the Offer. It forms part of the circular to the Shareholders dated 14 June 2024 (the "**Offeree Circular**") which provides, *inter alia*, the relevant information pertaining to the Offer and the recommendation of the Independent Directors in relation to the Offer.

In the Offeree Circular and this letter, the total number of Shares is a reference to a total of 473,319,069 Shares[1] in issue as at 6 June 2024, being the latest practicable date prior to the electronic dissemination of the Offeree Circular to Shareholders (the "**Latest Practicable Date**").

[1] The Company has no treasury shares.

Unless otherwise defined or the context otherwise requires, all terms in this letter have the same meaning as defined in the Offer Document and the Offeree Circular. For illustrative purposes, foreign currency amounts have been translated into Singapore dollars ("**SGD**").

2 TERMS OF REFERENCE

EYCF has been appointed to advise the Independent Directors on the financial terms of the Offer and to recommend for or against acceptance of the Offer pursuant to Rules 7.1 and 24.1(b) of the Code.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Offer, as well as information provided to us by the Company, the Directors and/or the management of the Company (the "**Management**"), as at the Latest Practicable Date. Accordingly, our opinion does not take into account any event or condition which occurs after the Latest Practicable Date, and we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date. Shareholders should take note of any announcement and/or event relevant to their consideration of the Offer which may be released after the Latest Practicable Date.

We have confined our evaluation and analysis of the Offer to the financial terms thereof. It is not within our terms of reference to assess the rationale for, commercial merits and/or commercial risks of the Offer, and to comment on the financial merits and/or financial risks of the Offer where the assessment of such financial merits and/or financial risks involves our reviewing of non-publicly available information of the companies involved to which we have no access and with which we have not been furnished. It is also not within our terms of reference to compare the relative merits of the Offer vis-à-vis any alternative transaction that the Company may consider in the future, and as such, we do not express an opinion thereon. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Shares.

The scope of our appointment does not require us to express, and we do not express, a view on the future prospects of the Company and its subsidiaries (the "**Group**"). We are, therefore, not expressing any view herein as to the prices at which the Shares may trade or on the future financial performance of the Company and/or the Group upon completion of the Offer. No financial or profit forecasts, business plans or management accounts of the Company and/or Group have been specifically prepared for the purpose of evaluating the Offer. Accordingly, we will not be able to comment on the expected future performance or prospects of the Company and/or Group arising from the Offer or otherwise. However, we may draw upon the views of the Directors and/or the Management, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

In the course of our evaluation, we have held discussions with the Directors and the Management. We have also examined and relied on publicly available information in respect of the Group collated by us as well as information provided to us by the Company, including information in relation to the Offer. We have not independently verified such information furnished by the Directors and/or the Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to the Group has been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about the Group in the context of the Offer, and there is no material information the omission of which would make any of the information contained herein or in the Offeree Circular misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Offer have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Group or any of its associated or joint venture companies. We have also not made an independent valuation or appraisal of the embedded value ("**Embedded Value**") of the Group and the assets and liabilities of the Company, its subsidiaries or any of its associated or joint venture companies. Further, we have also not made an independent review or appraisal of the comprehensive equity of the Group and have relied on management representation to us.

The Company has been separately advised in the preparation of the Offeree Circular (other than this letter). We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Offeree Circular (other than this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Offeree Circular (other than this letter).

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

This letter and our opinion are addressed to the Independent Directors and are for their use and benefit in connection with and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders with regard to the Offer shall remain the responsibility of the Independent Directors. This letter is not addressed to and may not be relied on as a recommendation to, or confer any rights or remedies upon, any Shareholder as to what the Shareholder should do in relation to the Offer or any matters related thereto. Nothing herein shall confer or be deemed or is intended to confer, any right or benefit to any third party.

Our opinion in relation to the Offer should be considered in the context of the entirety of this letter and the Offeree Circular.

3 THE OFFER

The Offer is made by J.P. Morgan for and on behalf of the Offeror on the principal terms set out in Sections 2 and 3 of the Letter to Shareholders in the Offer Document and also in Sections 2 and 3 of the Letter to Shareholders from the Board of Directors in the Offeree Circular. Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

3.1 Terms of the Offer

The terms of the Offer have been extracted from the Offer Document and are reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

*"**2. TERMS OF THE OFFER***

2.1 Offer. *The Offeror hereby makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.*

2.2 Offer Shares. *The Offer is extended to all Shares as at the date of the Offer, other than those Shares already owned or agreed to be acquired by the Offeror or its subsidiaries.*

2.3 ***Offer Consideration.*** *The consideration for Offer Shares validly tendered in acceptance of the Offer is:*

For each Offer Share: SGD25.60 in cash ("Offer Price").

2.4 ***No Encumbrances.*** *The Shares will be acquired:*

(i) *fully paid;*

(ii) *free from any Encumbrances; and*

(iii) *save as provided in* ***Section 2.5*** *of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date.*

2.5 ***Adjustments for Distributions.*** *A final one-tier tax exempt dividend of 40 cents per Share in respect of FY23 ("****FY23 Final Dividend****") was recommended by the directors of GEH and approved by Shareholders. The books closure date for determination of entitlement to the FY23 Final Dividend was 2 May 2024 and the FY23 Final Dividend was paid on 17 May 2024. The Offeror will not make any deductions from the Offer Price for the FY23 Final Dividend. Shareholders who validly accept or have validly accepted the Offer ("****Accepting Shareholders****") and have received the FY23 Final Dividend will retain the FY23 Final Dividend.*

2.5 ***Unconditional Offer. The Offer is unconditional in all respects.***

3. ***WARRANTY***

A Shareholder who tender his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

(i) *fully paid;*

(ii) *free from any Encumbrances; and*

(iii) *save as provided in* ***Section 2.5*** *of the Letter to Shareholders in this Offer Document, together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any) declared, paid or made by GEH in respect of the Offer Shares on or after the Announcement Date."*

3.2 Details of the Offer

3.2.1 Closing Date

The Offer Document states that the Offer is open for acceptance by Shareholders for at least 28 days from the date of electronic dissemination of the Offer Document to Shareholders (the "**Despatch Date**"), being 31 May 2024, unless the Offer is withdrawn with the consent of the Securities Industry Council of Singapore ("**SIC**") and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 June 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.2.2 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on the (a) duration of the Offer; (b) settlement of the consideration of the Offer; (c) requirements relating to the announcement of the level of acceptances of the Offer; and (d) right of withdrawal of acceptances of the Offer.

Based on Section 1.3 of Appendix 1 of the Offer Document and pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. **In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.**

4 PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document. As stated in the Offer Document, under the Code, the Offeror is required to make payment to the Offer Price to each Shareholder who validly accept or have validly accepted the Offer ("**Accepting Shareholder**") within seven (7) days (other than Saturday or Sunday) on which banks are open for general business in Singapore ("**Business Days**") after the date of receipt of the Offeror of valid acceptances and all other relevant documents from such Accepting Shareholder. However, the Offeror will endeavour to make payment within five (5) Business Days after the date of receipt of such valid acceptances and relevant documents from each Accepting Shareholder.

5 INFORMATION ON THE OFFEROR

The details on the Offeror are set out in Section 6 of the Letter to Shareholders in the Offer Document and Section 5 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and are reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

*"**6. INFORMATION ON THE OFFEROR***

6.1 The Offeror. *The Offeror was incorporated in Singapore on 31 October 1932 and is listed on the Mainboard of the SGX-ST. The Offeror Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services. The Offeror Group's key markets comprise Singapore, Malaysia, Indonesia and Greater China, with close to 420 branches and representative offices in 19 countries and regions.*

6.2 Market Capitalisation and Share Capital. *As at the Latest Practicable Date, the Offeror has a market capitalisation of SGD65.0 billion and an issued and fully paid-up share capital of SGD18.6 billion, comprising 4,514,941,829 Offeror shares (including 15,069,676 treasury shares).*

6.3 Shareholding in GEH. *As at the Latest Practicable Date, the Offeror owns 418,586,759 Shares[2], representing approximately 88.44 per cent. of the Shares in the capital of GEH.*

[2] Shares registered in the name of Citibank Nominees Singapore Pte. Ltd. This excludes the Offeror's deemed interest in 56,900 Shares held by its subsidiary, BOS Trustee Limited, as trustee of The SOME Trust for 49,900 Shares and as trustee of The Kudzu 2022 Trust for 7,000 Shares.

6.4 ***Directors.*** *As at the Latest Practicable Date, the Offeror Directors are:*

Name	***Description***
Lee Kok Keng Andrew	*Chairman, Non-Executive Independent Director*
Chong Chuan Neo	*Non-Executive Independent Director*
Chua Kim Chiu	*Non-Executive Independent Director*
Khoo Cheng Hoe Andrew	*Non-Executive Independent Director*
Lee Tih Shih	*Non-Executive Non-Independent Director*
Christina Hon Kwee Fong (Christina Ong)	*Non-Executive Independent Director*
Seck Wai Kwong	*Non-Executive Independent Director*
Pramukti Surjaudaja	*Non-Executive Non-Independent Director*
Tan Yen Yen	*Non-Executive Independent Director*
Wong Pik Kuen Helen	*Executive Non-Independent Director*

6.5 ***Additional Information. Appendix 3*** *to this Offer Document sets out additional information on the Offeror."*

6 INFORMATION ON THE COMPANY

The details on the Company are set out in Section 7 of the Letter to Shareholders in and Appendix 4 to the Offer Document and Appendix II to the Offeree Circular.

7 THE OFFEROR'S RATIONALE FOR THE OFFER

The full text of the Offeror's rationale for the Offer is set out in Section 8 of the Letter to Shareholders in the Offer Document and Section 6 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and is reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"8. RATIONALE FOR THE OFFER

8.1 Offer is in line with the Offeror's corporate strategy and strengthens its business pillars of banking, wealth management and insurance

First announced in 2022, the Offeror's corporate strategy is focused on four growth drivers to capture regional trade, investment and wealth flows. One of the growth drivers is to capture rising Asian wealth with its Singapore-Hong Kong-Dubai hubs and digital propositions.

In a fast-growing region that has seen rising demand for products and solutions to enhance and preserve wealth, bringing GEH even closer to the Offeror reinforces its long-term vision of becoming the leading wealth management player.

As the GEH Group has been part of the Offeror's stable of companies for decades, the Offeror and the GEH Group share a synergistic relationship. The Offeror is able to customise a full suite of investment, insurance and estate planning solutions for its customers, while the GEH Group has benefited from its access to the Offeror's extensive retail and commercial customer base.

8.2 Offer enhances returns and optimises capital

The Offer is expected to be earning accretive to the Offeror[3]*. GEH provides diversification to the Offeror's earnings base to deliver balanced earnings growth through economic cycles. The GEH Group has contributed an average of about SGD700 million annually in net profit to the Offeror over the past ten years, which translates to an average of about 15 per cent. of the Offeror's yearly net profit over this period.*

The Offer presents an opportunity for the Offeror to deploy its capital to generate greater returns for its shareholders. By increasing its investment in GEH, the Offeror can further capture the benefits from ongoing synergies and have a greater share of GEH's value."

8 THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The full text of the Offeror's intentions in relation to the Company is set out in Sections 9 and 11 of the Letter to Shareholders in the Offer Document and Section 7 of the Letter to Shareholders from the Board of Directors of the Offeree Circular, and is reproduced from the Offer Document in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"9. OFFEROR'S INTENTIONS FOR GEH

It is the intention of the Offeror to continue to develop and grow the businesses of the GEH Group. The Offeror has no current intentions to (i) introduce any major changes to the existing business of GEH; (ii) to redeploy the fixed assets of GEH or (iii) discontinue the employment of the existing employees of the GEH Group, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility to at any time consider undertaking a strategic and operational review of GEH with a view to realising synergies, economies of scale, cost efficiencies and growth potential.

11. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) SHAREHOLDER RIGHTS

*11.1 **Listing Status and Trading Suspension**. Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that it has received acceptances which result in the Offeror and its concert parties holding more than 90 per cent. of the total number of Shares, the SGX-ST may suspend the trading of the listed securities of GEH on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares are held by at least 500 Shareholders who are members of the public ("**Free Float Requirement**"). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares, thus causing the percentage of the total number of Shares held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.*

[3] Based on the financial statements of the Offeror and GEH for FY23.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares held in public hands falls below 10 per cent., GEH must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of GEH on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow GEH a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares held by members of the public to be raised to at least 10 per cent., failing which GEH may be removed from the Official List of the SGX-ST.

The Offeror intends to seek a delisting of GEH from the SGX-ST if the Free Float Requirement is not met. The Offeror does not intend to support any action or take any steps to maintain the listing status of GEH in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual. In addition, the Offeror reserves the right to seek a voluntary delisting of GEH from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Shareholders who do not accept the Offer should note that in the event:

(a) GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and

(b) the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105, 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH, but, pursuant to Rule 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.

11.2 ***Compulsory Acquisition.*** *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue (excluding those Shares already held by the Offeror, its related corporations or their respective nominees[4] as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Offer Shares held by Shareholders who have not accepted the Offer ("**Dissenting Shareholders**").* ***The Offeror, if so entitled, intends to exercise its right to compulsory acquisition under Section 215(1) of the Companies Act.***

11.3 ***Section 215(3) Shareholder Rights.*** *In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Offer Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees[4] acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees[4], comprise 90 per cent. or more of the total number of Shares. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.***"***

[4] And other persons required to be excluded under Section 215(9A) of The Companies Act 1967 of Singapore (the "**Companies Act**").

9 EVALUATION OF THE FINANCIAL TERMS OF THE OFFER

In our analysis and evaluation of the financial terms of the Offer, and our recommendation thereon, we have taken into consideration the following factors based on publicly available information and information provided to us by the Company as at the Latest Practicable Date:

(i) Market quotation and historical trading activity of the Shares;

(ii) Analysis of the Embedded Value and value of One Year's New Business of the Group;

(iii) Analysis of the trading performance of the Shares;

(iv) Comparison of valuation measures of the Group against those of selected listed comparable companies;

(v) Comparison of valuation measures of the Group against those of selected comparable transactions;

(vi) Range of values of the Shares; and

(vii) Other relevant considerations in relation to the Offer.

The factors above are discussed in more detail in the following sections.

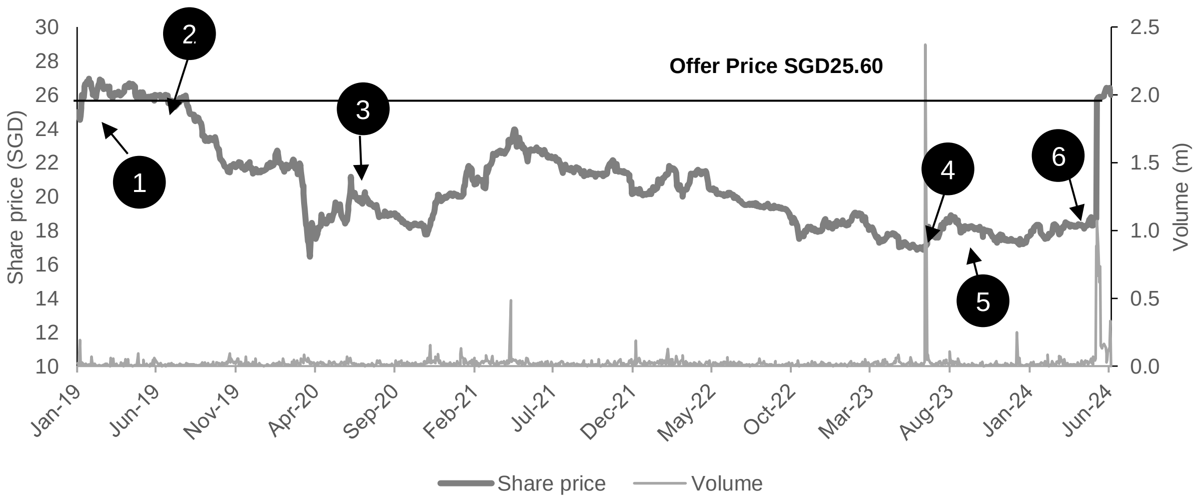
We wish to highlight that the figures and information used in our analysis, including share prices, trading volumes, free float data, underlying financial data for computation of financial ratios and company announcements and reports have been extracted from Capital IQ, company websites and SGX-ST website as at the Latest Practicable Date. We do not make representations or warranties, express or implied, as to the completeness and/or accuracy of such information.

9.1 Market quotation and historical trading activity of the Shares

9.1.1 Historical traded prices and liquidity of the Shares

We set out below a chart which shows the daily closing prices for the Shares and volume traded (excluding married trades) for the period from 1 January 2019 and up to the Latest Practicable Date. We have also marked dates during the given period where significant events occurred.

Share price for the period from 1 January 2019 to the Latest Practicable Date



Source: Capital IQ, Company announcements

Notes:

(1) On 11 December 2018, GEH announced that its wholly-owned subsidiary, Great Eastern General Insurance, had entered into a share purchase agreement to acquire 100% of PT QBE General Insurance Indonesia's shares **("QBE Indonesia")**, a company registered in Indonesia, from QBE Asia Pacific Holdings Limited and QBE Insurance (International) Pty Limited. Subsequently on 28 January 2019, GEH announced that PT Suryasono Sentosa (**"PTSS"**), an Indonesian registered company will acquire 5% of QBE Indonesia's shares upon completion of the transaction and QBE Asia Pacific Holdings Limited and QBE Insurance (International) Pty Limited will transfer 5% of QBE Indonesia's shares to PTSS upon completion.

(2) On 11 June 2019, GEH announced that its subsidiary Lion Global Investors Limited (**"LGI"**) has entered into a conditional sale and purchase agreement with Bank of Singapore Limited (**"BOS"**), a wholly-owned subsidiary of OCBC, to divest LGI's entire equity stake (70% of the total paid-up capital) in Pacific Mutual Fund Berhad (**"PMF"**) to BOS for an aggregate consideration of MYR24.9 million. On 29 November 2019, GEH announced that the conditional sale and purchase agreement between the wholly-owned subsidiaries of GEH, LGI and BOS to divest LGI's stake in PMF has been completed and that PMF now ceases to be a subsidiary of GEH.

(3) On 25 June 2020, GEH announced that its wholly owned subsidiary, Great Eastern Digital Private Limited has entered into a share subscription agreement to subscribe for a stake of 21.875% in the share capital of Boost Holdings Sdn Bhd, a company incorporated in Malaysia and wholly owned by Axiata Digital Services Sdn Bhd (Axiata Digital) for a cash consideration of approximately SGD97 million.

(4) On 20 June 2023, a disclosure for change in the percentage level of OCBC's stakes held in the Company was made due to an off-market transaction of SGD39.9 million to acquire 2.3 million Shares at SGD16.99 per Share.

(5) On 2 October 2023, GEH announced that its subsidiaries Great Eastern Life Assurance (Malaysia) Berhad (**"GELM"**) and Great Eastern Takaful Berhad (**"GETB"**), entered into an implementation agreement with AMAB Holdings Sdn Bhd (**"AMAB"**) (a wholly-owned subsidiary of AMMB Holdings Berhad) and MetLife International Holdings, LLC (**"MetLife"**) for a proposed acquisition by GELM of 100% of the shares in AmMetLife Insurance Berhad; and the proposed acquisition by GETB of 100% of the shares in AmMetLife Takaful Berhad, from AMAB and MetLife. The consideration for the acquisition and exclusive twenty-year distribution partnership is approximately SGD325 million.

(6) On 10 May 2024, J.P. Morgan announced, for and on behalf of OCBC, the Offer at the Offer Price of SGD25.60 per Share.

Additional information on the volume-weighted average price ("**VWAP**") of the Shares and other trading statistics are set out below:

Reference period	VWAP[(1)] (SGD)	Premium/ (Discount) of Offer Price over/to VWAP (%)	Highest Transacted Price (SGD)	Lowest Transacted Price (SGD)	Average Daily Trading Volume[(2)] (Shares)	Average Daily Trading Volume as Percentage of Free Float[(3)] (%)
Periods up to and including the Last Trading Date						
Last 5 year	19.84	29.0	26.01	16.45	21,123	0.04
Last 2 year	17.99	42.3	20.39	16.86	21,865	0.04
Last 1 year	17.64	45.1	18.88	16.86	28,634	0.05
Last 6 months	17.99	42.3	18.78	17.16	20,098	0.04
Last 3 months	18.29	40.0	18.78	17.77	23,725	0.04
Last 1 month	18.47	38.6	18.78	18.12	31,700	0.06
Last Trading Date[(4)]	18.70	36.9	18.70	18.70	53,000	0.10
After the Announcement Date						
From Announcement Date up to and including the Latest Practicable Date	25.93	(1.3)	26.42	25.72	358,632	0.66
Latest Practicable Date	26.00	(1.5)	26.23	26.00	334,000	0.61

Source: Capital IQ, EYCF analysis

Notes:

(1) The VWAP is calculated based on the price of the Shares and the traded volume for the relevant trading days for each period.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the given period divided by the number of market days during that period.

(3) Free float refers to the Shares other than those held by the Directors, substantial Shareholders and their associates (as defined in the SGX-ST Listing Manual), which amounts to approximately 11.56% of the total issued share capital of the Company as at the Announcement Date.

(4) '**Last Trading Date**' is the last full trading day prior to the announcement of the Offer, being 9 May 2024.

We note the following:

(i) The average daily traded volume of the Shares for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years prior to and including the Last Trading Date represents approximately 0.06%, 0.04%, 0.04%, 0.05%, 0.04% and 0.04% of the free float, respectively;

(ii) The average daily traded volume of the Shares on the Last Trading Date represents approximately 0.10% of the free float;

(iii) The daily traded volume of the Shares has significantly increased following the Announcement Date. The average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date represents approximately 0.66% of the free float;

(iv) The traded volume of the Shares on the Latest Practicable Date represents approximately 0.61% of the free float;

(v) The Offer Price represents premium of approximately 38.6%, 40.0%, 42.3%, 45.1%, 42.3% and 29.0% over the VWAPs for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years prior to and including the Last Trading Date;

(vi) The Offer Price represents a premium of approximately 36.9% over the last transacted price as at the Last Trading Date;

(vii) The traded prices of the Shares have significantly increased following the Announcement Date. For the period following the Announcement Date up to the Latest Practicable Date, the Shares traded between SGD25.72 per Share and SGD26.42 per Share. The Offer Price of SGD25.60 represents a discount of 1.3% to the VWAP of the Shares over this period;

(viii) The Offer Price represents a discount of approximately 1.5% to the last transacted price as at the Latest Practicable Date of SGD26.00; and

(ix) The last time the Shares traded at or over the Offer Price was on 30 July 2019.

We note that the number of days on which Shares were traded on the SGX-ST for the different periods prior to and including the Last Trading Date ranged from approximately 99.6% to 100.0% of the number of market days for the SGX-ST. The Shares had been traded on every market day for the SGX-ST for the period following the Announcement Date up to the Latest Practicable Date.

We have also considered the trading prices and volume traded (excluding married deals) of the Shares for the ten-year period from 7 June 2014 up to the Latest Practicable Date. We note that the Offer Price represents a premium of approximately 15.5% over the VWAP for the ten-year period and the closing prices of the Shares are between a low of SGD16.45 (on 23 March 2020) and a high of SGD31.59 (on 19 April 2018). We also note that the average daily traded volume of the Shares for the ten-year period represents approximately 0.04% of the free float.

9.1.2 Comparison of the liquidity of the Shares against the liquidity of constituents of the Straits Times Index

In addition to the foregoing, we have also assessed the level of GEH's free float and the overall liquidity of the Shares in comparison with the constituents of the Straits Times Index ("**STI Constituents**"), a market capitalisation weighted index that tracks the performance of the top 30 companies listed on the SGX-ST.

We set out below the constituents of the STI and their respective average daily trading volume and value over the last one-year period up to and including the Latest Practicable Date.

STI Constituents	**Market Capitalisation (SGD million)**	**Free Float[1] %**	**As at the Latest Practicable Date**	
			LTM Average Daily Trading Volume[2] / Free Float (%)	**LTM Average Daily Trading Value[2] / Market Capitalisation (%)**
CapitaLand Investment Limited	13,251	45.5	0.36	0.19
CapitaLand Ascendas REIT	11,687	73.0	0.41	0.30
CapitaLand Integrated Commercial Trust	13,402	69.0	0.40	0.26
City Developments Limited	4,917	46.3	0.62	0.33
DBS Group Holdings Ltd	100,966	70.8	0.22	0.12
DFI Retail Group Holdings Limited	3,536	22.4[3]	0.20	0.05
Frasers Centrepoint Trust	4,000	58.5	0.29	0.16
Frasers Logistics & Commercial Trust	3,683	74.0	0.36	0.29
Genting Singapore Limited	10,684	47.1	0.52	0.25
Hongkong Land Holdings Limited	10,309	46.6[3]	0.20	0.09
Jardine Cycle & Carriage Limited	10,422	21.9	0.65	0.15
Jardine Matheson Holdings Limited	14,848	80.3[3]	0.12	0.10
Keppel Ltd.	12,010	72.0	0.28	0.20
Mapletree Industrial Trust	6,238	71.8	0.26	0.18
Mapletree Logistics Trust	6,702	62.0	0.59	0.41
Mapletree Pan Asia Commercial Trust	6,571	43.7	0.57	0.27
OCBC	64,312	72.3	0.15	0.10
SATS Ltd.	4,323	59.8	0.48	0.24
Seatrium Limited	5,763	62.0	0.05	0.77
Sembcorp Industries Ltd	9,021	50.2	0.53	0.27
Singapore Exchange Limited	10,403	99.7	0.17	0.16
Singapore Airlines Limited	24,279	44.4	0.52	0.17
Singapore Telecommunications Limited	41,778	48.0	0.31	0.14
Singapore Technologies Engineering Ltd	12,757	47.9	0.26	0.12
Thai Beverage Public Company Limited	12,815	27.8	0.40	0.11
United Overseas Bank Limited	51,513	76.0	0.21	0.15
UOL Group Limited	4,571	47.9	0.49	0.27
Venture Corporation Limited	4,045	86.3	0.49	0.39
Wilmar International Limited	19,352	28.6	0.31	0.10
Yangzijiang Shipbuilding (Holdings) Ltd.	9,244	64.5	0.97	0.38
Low	**3,536**	**21.9**	**0.05**	**0.05**
High	**100,966**	**99.7**	**0.97**	**0.77**
Average	**16,913**	**57.3**	**0.38**	**0.22**
Median	**10,413**	**59.2**	**0.36**	**0.19**
GEH – Implied by the Offer Price	**12,117**	**11.56**	**0.10**	**0.01**

Source: Capital IQ, annual reports

Notes:

(1) Free float information is based on the latest annual reports of the respective companies, unless stated otherwise.

(2) Average trading volume for the last twelve months up to and including the Latest Practicable Date. Average trading value for the last twelve months up to and including the Latest Practicable Date based on volume weighted prices.

(3) Free float information is based on Capital IQ.

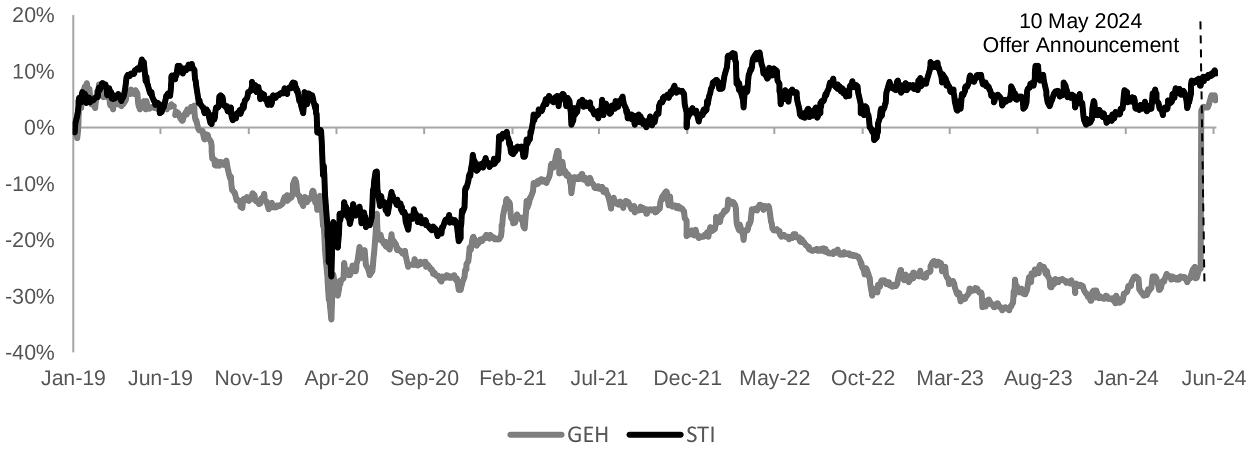
Based on GEH's free float as at the Latest Practicable Date, the average daily trading volume of the Shares to free float of 0.10% for the 1-year period prior to and including the Latest Practicable Date is within the range of average daily trading volume to free float for the STI Constituents, but below the average and median. The average daily trading value of the Shares to the implied value of the Offer of 0.01% for the 1-year period prior to and including the Latest Practicable Date is below the range of average daily trading value to market capitalisation as at the Latest Practicable Date for the STI Constituents.

The past liquidity of the Shares, particularly for the period after the Announcement Date up to the Latest Practicable Date, should not be relied upon in any way as an indication of the future liquidity of the Shares. We wish to highlight that there is no assurance that the liquidity of the Shares will remain at the same level after the close or lapse of the Offer.

9.1.3 Comparison of the movements of the Shares against STI movements

In order to assess the market price performance of the Shares *vis-à-vis* the general price performances of the Singapore equity market in general, we have compared the market movement of the Shares against the STI for the period from 1 January 2019 and up to the Latest Practicable Date.

Share price performance against STI for the period from 1 January 2019 to the Latest Practicable Date



Source: Capital IQ, rebased to 0% on 1 January 2019

We note that the Shares had generally underperformed the STI in relative terms from 1 January 2019 and up to the Latest Practicable Date. The significant uptick shown at the end of the chart reflects the movements of the Shares following the announcement of the Offer.

9.1.4 Commentary on the historical price movements and liquidity of the Shares

Taking into account the liquidity analyses of the Shares against the constituents of the STI as set out above, it would appear that the trading price of the Shares may not be fully reflective of the value of the Shares.

In addition, we also note that the announcement of the Offer appears to have had an impact on the trading price and volume of the Shares, and the current trading price and volume of the Shares is likely to be supported by the Offer.

We wish to highlight that the analysis on the historical trading performance of the Shares, particularly for the period after the Announcement Date, serves only as an illustrative guide and should not be relied upon in any way as an indication of the future trading performance and liquidity of the Shares. **There is no assurance that the market price and trading volume of the Shares as at the Latest Practicable Date will remain at the same levels after the close or lapse of the Offer.**

9.2 Analysis of the Embedded Value and Economic Value of One Year's New Business of the Group

Embedded Value or "**EV**" is a commonly used actuarial technique to assess the economic value of the existing business of a life insurance company. Embedded Value has been developed as a way to assess the long-term economic value of a life insurance company for the existing blocks of business.

9.2.1 Embedded Value and Economic Value of One Year's New Business of the Group as at 31 December 2023

As set out in the annual report of the Company for the financial year ended 31 December 2023 ("**FY2023**" and the annual report for FY2023, the "**AR2023**"), we note that the Embedded Value of the Group has been determined using the traditional deterministic cash flow methodology comprising the sum of the 'value of In-force Business' and the 'value of the adjusted Shareholders' Funds'.

The "**Value of In-Force Business**" represents an estimate of the economic value of projected distributable profits to shareholders, i.e., after-tax cash flows less increases in statutory reserves and capital requirements attributable to shareholders, from the in-force business at the valuation date. For the Group, the valuation date is 31 December 2023. The cash flows represent a deterministic projection, using best estimate assumptions of future operating experience and are discounted at a risk-adjusted discount rate. The use of a risk-adjusted discount rate, together with an allowance for the cost of holding statutory reserves and meeting capital requirements, represent the allowance for risk in the Value of In-Force Business together with an implicit allowance for the cost of options and guarantees provided to policyholders. It should be noted that this allowance for risk is approximate and may not correspond precisely with the allowance determined using capital market consistent techniques.

The "**Adjusted Shareholders' Funds**" represents the value of assets over and above that required to meet statutory reserves, capital requirements and other liabilities.

We note that the assumptions adopted by the Group for the calculations have been determined taking into account the recent experience of, and expected future outlook for, the life insurance business of the companies involved, i.e., The Great Eastern Life Assurance Company Limited in Singapore, Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern Takaful Berhad in Malaysia, and PT Great Eastern Life Indonesia in Indonesia. Investment returns assumed are based on the long-term strategic asset mix and their expected future returns and appropriate risk-adjusted discount rates are used for the different countries.

As reported in the AR2023, the total Embedded Value of the Group, which is calculated as the sum of Value of In-Force Business and Adjusted Shareholders' Funds, as at 31 December 2023 is SGD17,319.5 million (2022: SGD17,894.6 million) or SGD36.59 per Share (2022: SGD37.81 per Share).

The "**Value of One Year's New Business**" or "**VOYNB**" is defined as the value of projected shareholder distributable profits from new business sold in the year and is used to determine the estimated value of future distributable profits from new sales.

As reported in the AR2023 and using the same best estimate, reserving and capital requirement assumptions as those used in the calculation of Embedded Value as at 31 December 2023, the Economic Value of One Year's New Business of the Group as at 31 December 2023 is SGD682.8 million (2022: SGD860.4 million) or SGD1.44 per Share (SGD1.82 per Share) as reported in the AR2023.

As set out in the AR2023, we note that the Embedded Value, the Economic Value of One Year's New Business and the analysis of change in embedded value during the year were determined by the Group, and PricewaterhouseCoopers Consulting (Singapore) Pte Ltd performed a review of the methodology used (based on the traditional deterministic embedded value reporting approach), the assumptions and procedures adopted, the materiality thresholds and limitations and performed a high level review of the results of the Group's calculations.

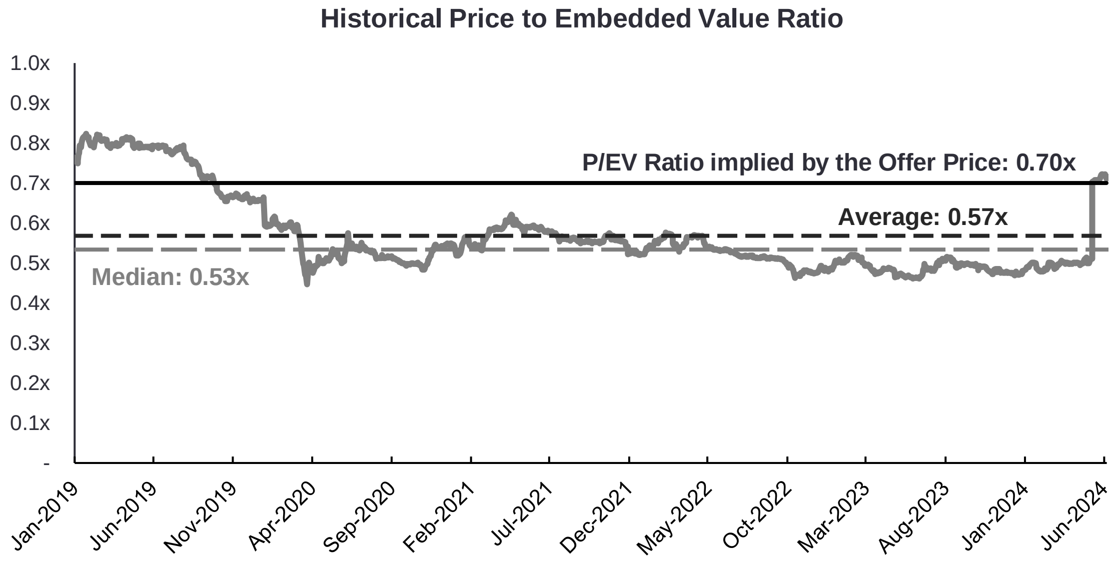
We understand from the Company that, in their view, there is no material change to the reported Embedded Value between 31 December 2023 and the Latest Practicable Date.

9.2.2 Historical Price to Embedded Value and Price to Value of One Year's New Business Ratios

In our evaluation, we have considered the following:

Valuation Measure	Description
Price-to-Embedded Value Ratio ("**P/EV Ratio**")	EV is a commonly used actuarial technique to assess the economic value of the existing business of a life insurance company. The Group has determined EV using the traditional deterministic cash flow methodology comprising the sum of the Value of In-force Business and the Adjusted Shareholders' Funds. P/EV Ratio refers to the ratio of a company's share price divided by Embedded Value per share.
Price-to-Value of One Year's New Business Ratio ("**P/VOYNB Ratio**")	VOYNB refers to the value of projected shareholder distributable profits from new business sold in the year and is used to determine the estimated value of future distributable profits from new sales. P/VOYNB Ratio refers to the ratio of a company's share price divided by Value of One Year's New Business per share.

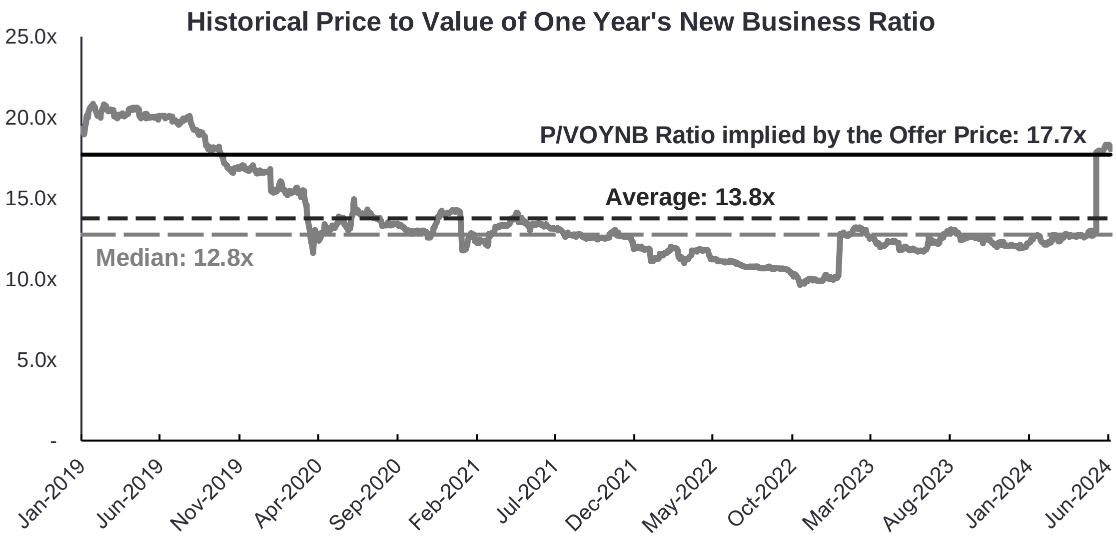
We have analysed the historical P/EV Ratio of the Group for the period between 1 January 2019 and the Latest Practicable Date. The chart highlights the Group's historical P/EV Ratio, based on the Group's reported Embedded Value for the relevant periods, against the P/EV Ratio of 0.70 times implied by the Offer Price based on the Group's reported Embedded Value as at 31 December 2023.



Source: Capital IQ and company reports

We note that the Shares had consistently traded below the implied P/EV Ratio based on the Offer Price of 0.70 times since October 2019 up to the Announcement Date. We also note that P/EV Ratio implied by the Offer Price is above the average and median daily P/EV Ratios of 0.57 times and 0.53 times, respectively for the period of five years prior and up to the Announcement Date.

We have also analysed the historical P/VOYNB Ratio of the Company for the period between 1 January 2019 and the Latest Practicable Date. The chart highlights the Group's historical P/VOYNB Ratio, based on the Group's reported VOYNB for the relevant periods, against the P/VOYNB Ratio of 17.7 times implied by the Offer Price based on the Group's VOYNB as at 31 December 2023.



Source: Capital IQ and company reports

We note that the Shares had consistently traded below the implied P/VOYNB Ratio based on the Offer Price of 17.7 times since October 2019 up to the Announcement Date. We also note that P/VOYNB Ratio implied by the Offer Price is above the average and median daily P/VOYNB Ratios of 13.8 times and 12.8 times, respectively for the period of five years prior and up to the Announcement Date.

9.3 Analysis of the Company's Trading Performance

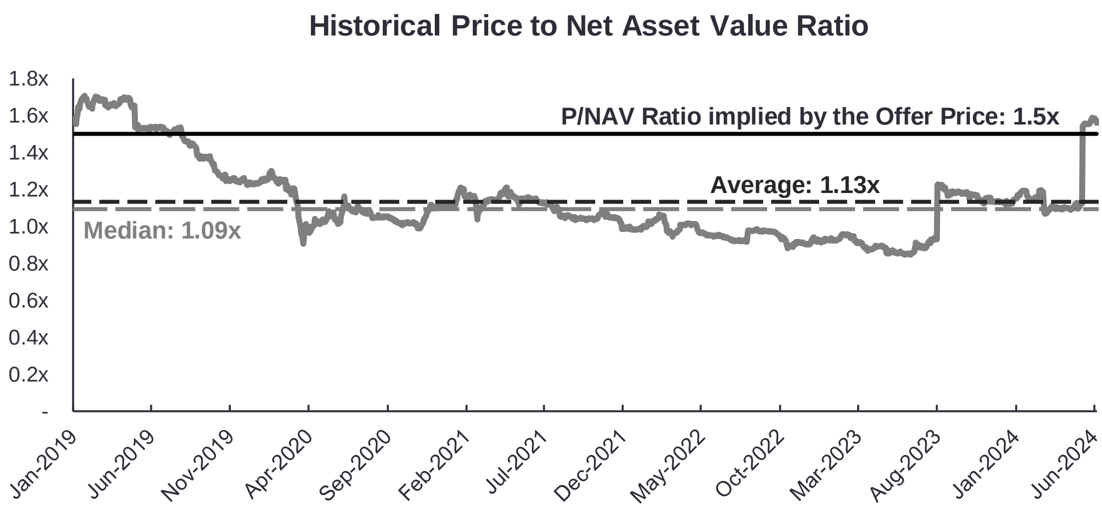
We have considered the implied trading performance based on the Offer Price in comparison to the Company's historical trading levels.

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Price-to-NAV Ratio ("**P/NAV Ratio**")	Net Asset Value ("**NAV**") refers to consolidated net asset value, which is calculated as total assets of a company less total liabilities. P/NAV Ratio refers to the ratio of a company's share price divided by net asset value per share.
Price-to-Earnings Ratio ("**P/E Ratio**")	P/E Ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders.

9.3.1 Historical Price to Net Asset Value Ratio

We have analysed the historical P/NAV Ratio of the Company for the period between 1 January 2019 and the Latest Practicable Date. The chart highlights the Group's historical P/NAV Ratio, based on the Group's reported NAV for the relevant periods, against the P/NAV Ratio of 1.5 times implied by the Offer Price based on the Group's reported NAV as at 31 December 2023.



Source: Capital IQ and company reports

We note that the Shares had consistently traded below the implied P/NAV Ratio based on the Offer Price of 1.5 times since October 2019 up until the Announcement Date. We also note that the P/NAV Ratio implied by the Offer Price is above the average and median daily P/NAV Ratios of 1.13 times and 1.09 times, respectively for the period of five years prior and up to the Announcement Date.

9.3.2 Historical Price to Earnings Ratio

We have analysed the historical P/E Ratio of the Company for the period between 1 January 2019 and the Latest Practicable Date. The chart highlights the Group's historical P/E Ratio, based on the Group's trailing 12-month earnings per Share for the relevant periods, against the P/E Ratio of 15.6 times implied by the Offer Price based on the Group's earnings per Share for FY2023.

Source: Capital IQ and company reports

We note that the Shares had consistently traded below the implied P/E Ratio based on the Offer Price of 15.6 times from January 2019 until the Announcement Date. We also note that the P/E Ratio implied by the Offer Price is above the average and median daily P/E Ratio of 11.0 times for both, for the period of five years prior and up to the Announcement Date.

9.4 Comparison of valuation measures of the Group against those of selected listed comparable companies

Based on our discussions with the Management and a search for comparable listed companies on Capital IQ and other available databases, we recognise that there is no particular listed company that we may consider to be directly comparable to the Group in terms of the composition of the business activities, asset categories, company size, scale of operations, service range, customer base, risk profile, geographical spread of activities, accounting standards and policies used, and such other relevant criteria. However, after discussions with the Management, we have selected companies which we believe are broadly comparable to the Company in terms of scope of business, total assets size and geographic market (the "**Comparable Companies**"). Our selection criteria for the Comparable Companies include, among others, listed companies that predominantly engage in life insurance business with primary presence in Asia (excluding high-growth markets) and with a minimum market capitalisation of SGD1,000.0 million.

The Independent Directors and Shareholders should note that any comparison made with respect to the Comparable Companies is for illustrative purposes only as there is no one company with the exact scope of business, scale of operations, geographical spread of activities, track record and future prospects and use of exact accounting standards and policies as those of the Group. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of the Company as at the Latest Practicable Date. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive.

Accordingly, for the purposes of our evaluation, we have considered the following Comparable Companies which, in our view (and as explained above), are broadly comparable to the Group:

Selected Comparable Companies / Exchange Location	Brief business description	Market Capitalisation (SGD million)
AIA Group Limited ("**AIA**") Hong Kong	AIA provides life insurance based financial services. The company sells its products through a network of agents and partners in Mainland China, Hong Kong, Macau, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, New Zealand, the Philippines, South Korea, Sri Lanka, Taiwan, Brunei, Vietnam, and India.	113,514
Manulife Financial Corporation ("**Manulife**") Canada	Manulife provides financial products and services in the United States, Canada, Asia, and internationally. The company operates through wealth and asset management businesses; insurance and annuity products; and corporate and other segments.	62,287
Prudential plc ("**Prudentia**l") London	Prudential provides life and health insurance, and asset management solutions to individuals in Asia and Africa.	35,958
Dai-ichi Life Holdings, Inc.("**Dai-ichi Life**") Tokyo	Dai-ichi engages in the provision of insurance products in Japan, the United States, and internationally. It operates through its segments, domestic and overseas insurance business and other business.	32,712
Samsung Life Insurance Co., Ltd. ("**Samsung Life**") South Korea	Samsung Life engages in the life insurance business in Korea and internationally. The company operates through domestic insurance; credit card service, instalment financing, and leasing; and overseas segments.	14,380
T&D Holdings, Inc. ("**T&D**") Tokyo	T&D provides life insurance products and services primarily in Japan. The company offers comprehensive coverage, including death benefit and medical/nursing care products; term life insurance, disability benefit, etc.; and savings and protection type products.	12,228
Japan Post Insurance Co., Ltd. ("**Japan Post**") Tokyo	Japan Post provides life insurance products and services in Japan. It also offers agency services for other insurance companies, including foreign insurance and financial services companies, as well as loan guarantees.	9,493
Thai Life Insurance Public Company Limited ("**Thai Life**") Thailand	Thai Life provides life insurance products and services in Thailand. The company offers life, retirement, investment, retail, health, accident, inheritance planning, critical illness, and elderly insurance products, as well as insurance products for savings and tax deductions, and kids.	3,490
Hanwha Life Insurance Co., Ltd. ("**Hanwha Life**") South Korea	Hanwha Life provides various insurance products to individual and corporate customers in South Korea, Vietnam, China, Indonesia, and internationally. The company offers health, retirement, investment, group, accident, pension, and savings insurance products; retirement pension plans; consulting services; asset management products; and undertakes related reinsurance contracts.	2,045
Bangkok Life Assurance Public Company Limited ("**Bangkok Life**") Thailand	Bangkok Life provides life insurance services to individuals and corporates in Thailand. The company's life insurance products include protection, savings, education, pension, accident plans, total permanent disability, and health and critical illness products.	1,218
Allianz Malaysia Berhad ("**Allianz Malaysia**") Malaysia	Allianz Malaysia engages in general and life insurance business in Malaysia. The company offers personal insurance products, business insurance products, group personal accident insurance, bonds and liability insurance.	1,118

Source: Capital IQ, company reports and company websites

Valuation Measures of the Comparable Companies in Comparison with the P/EV and P/VOYNB Measures of the Company implied by the Offer Price

Comparable Companies	Market Capitalisation (SGD millions)	As at the Latest Practicable Date: LTM Average Daily Trading Volume[(1)] / Free Float[(2)] (%)	As at the Latest Practicable Date: LTM Average Daily Trading Value[(1)] / Market Capitalisation (%)	P/EV Ratio[(3)] (times)	P/VOYNB Ratio[(4)] (times)
AIA	113,514	0.27	0.30	1.3	20.9
Manulife	62,287	0.35	0.29	1.0	27.2
Prudential	35,958	0.34	0.38	0.6	8.5
Dai-ichi Life	32,712	0.48	0.31	0.5	*n.m.*
Samsung Life	14,380	0.36	0.18	*n.a.*	*n.a.*
T&D	12,228	0.53	0.39	0.4	8.5
Japan Post	9,493	0.64	0.28	0.3	*n.m.*
Thai Life	3,490	0.45	0.16	0.6	12.2
Hanwha Life	2,045	0.87	*0.34*	*n.a.*	*n.a.*
Bangkok Life	1,218	0.48	0.15	0.5	11.9
Allianz Malaysia	1,118	0.01	0.02	*n.a.*	*n.a.*
Low		0.01	0.02	0.3	8.5
High		0.87	0.39	1.3	27.3
Average		0.43	0.25	0.7	10.0
Median		0.45	0.29	0.6	8.5
GEH – Implied by the Offer Price	**12,117**	**0.10**	**0.01**	**0.7**	**17.7**

Source: Capital IQ, company announcements, company reports

Notes:

(1) Average trading volume for the last twelve months up to and including the Latest Practicable Date. Average trading value for the last twelve months up to and including the Latest Practicable Date based on volume weighted prices.

(2) Free float information is based on Capital IQ.

(3) P/EV Ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its Embedded Value per share as at the latest available financial results.

(4) P/VOYNB Ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its value of one-year new business per share as at the latest available financial results.

(5) "***n.m.***" means not meaningful.

(6) "***n.a.***" means not available.

We note that the average and median LTM daily trading volumes against the free float of 0.4% and 0.5% for the Comparable Companies are in line with the corresponding average and median LTM daily trading volumes against the free float for the STI Constituents.

We also note that the average and median LTM daily trading values against market capitalisation of the Comparable Companies, being 0.3% for both, are slightly higher than the corresponding average and median LTM daily trading values against market capitalisation for the STI Constituents.

9.4.1 Comparison of P/EV and P/VOYNB Ratios

Comparison of P/EV Ratio implied by the Offer Price against the P/EV Ratios of the Comparable Companies

The P/EV Ratio illustrates the ratio of the market value of an entity's business in relation to its Embedded Value, which comprises the Value of In-force Business and the value of the Adjusted Shareholders' Funds.

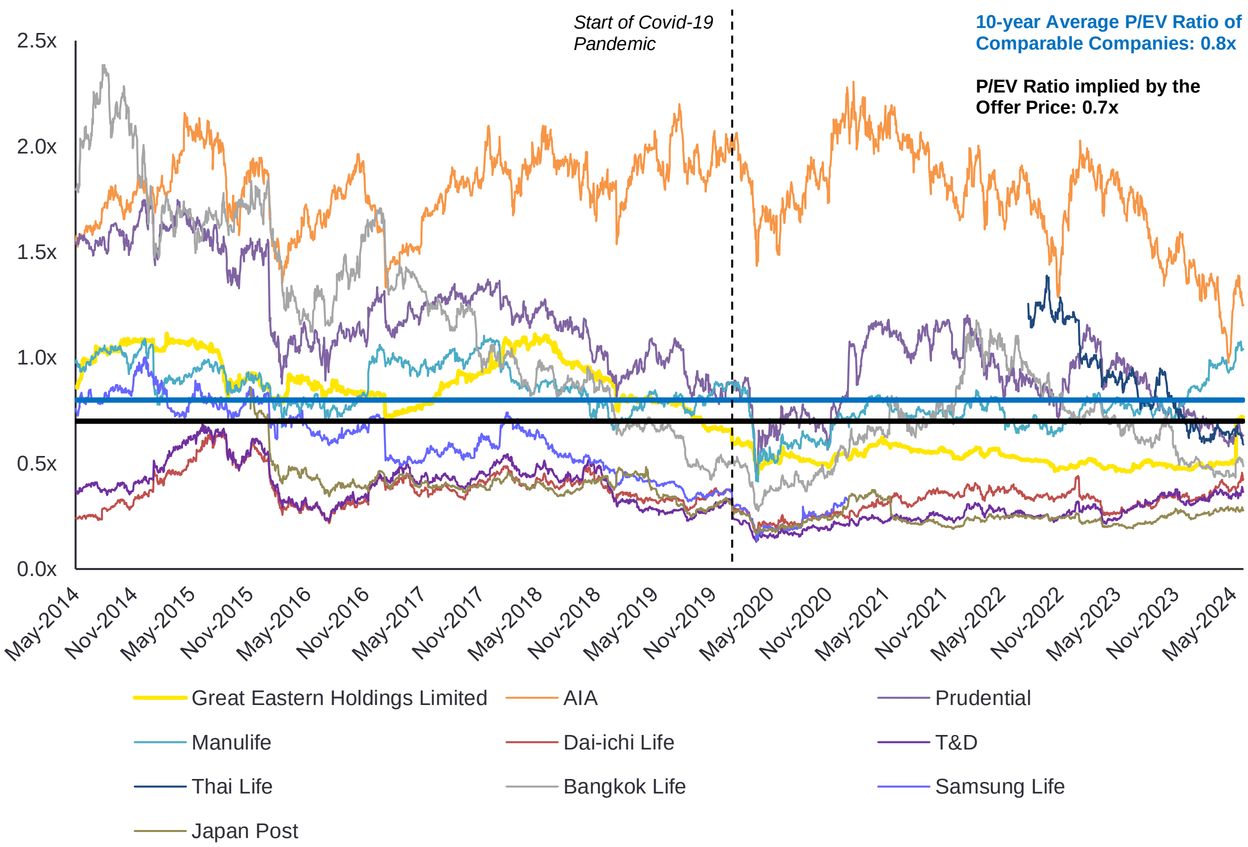
We note that for the Comparable Companies, the range of P/EV Ratios is between 0.3 times and 1.3 times, while the average and median P/EV Ratios are 0.7 times and 0.6 times, respectively.

The P/EV Ratio of the Group implied by the Offer Price of 0.7 times is within the range of the P/EV Ratios of the Comparable Companies and in line with the average and median P/EV Ratios.

Historical P/EV Ratio of the Group against the Comparable Companies

We have also considered the historical P/EV Ratio of the Group against the historical P/EV Ratios of the Comparable Companies over the period of ten years prior and up to the Latest Practicable Date.

Comparison of P/EV Ratio of the Group against the Comparable Companies



Source: Capital IQ, company reports and company websites

We note that over the period observed of ten years prior and up to the Latest Practicable Date, the Group and the Comparable Companies appear to have experienced a steady decline in their respective P/EV Ratios. We also note that as at the Latest Practicable Date, only AIA and Manulife are trading above 1 time their respective Embedded Values. On AIA, we further note that since achieving a P/EV Ratio of higher than 2.0 times in mid-2021, its P/EV Ratio has reflected a downward trend.

For the Group, the average and median P/EV Ratios based on historical traded price of the Shares and over the ten-year period are 0.7 times and 0.8 times, respectively. For the Comparable Companies, the average and median P/EV Ratios over the ten-year period are 0.8 times and 0.7 times, respectively.

We note that the P/EV Ratio of 0.7 times of the Group implied by the Offer Price is in line with the median P/EV Ratios of the Comparable Companies over the period of ten years prior and up to the Latest Practicable Date and slightly below the average P/EV Ratio.

Comparison of P/VOYNB Ratio implied by the Offer Price against the P/VOYNB Ratios of the Comparable Companies

The P/VOYNB Ratio illustrates the ratio of the market capitalisation of an entity in relation to the Value of One Year's New Business of a company.

We note that for the Comparable Companies, the range of P/VOYNB Ratios is between 8.5 times and 27.3 times, while the average and median P/VOYNB Ratios are 10.0 times and 8.5 times, respectively.

The P/VOYNB Ratio of the Group implied by the Offer Price of 17.7 times is within the range of the P/VOYNB Ratios of the Comparable Companies and above the average and median P/VOYNB Ratios.

9.4.2 Comparison of P/NAV and P/E Ratios

On 1 January 2023, the Group adopted the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 17 'Insurance Contracts'. SFRS(I) 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Given the above, for the purposes of our evaluation of certain valuation measures of the Group, particular P/NAV and P/E Ratios, we have further selected companies among the Comparable Companies which have also adopted SFRS(I) 17 or the International Financial Reporting Standards ("**IFRS**") 17 'Insurance Contracts' (the "**IFRS 17 Comparable Companies**").

Valuation Measures of the IFRS 17 Comparable Companies in Comparison with the Valuation Measures of the Company implied by the Offer Price

IFRS 17 Comparable Companies	Market Capitalisation[1] (SGD millions)	P/NAV Ratio[2] (times)	P/E Ratio[3] (times)
AIA	113,514	2.1	34.9
Manulife	62,287	1.3	11.3
Prudential	35,958	1.6	15.7
Samsung Life	14,380	0.4	10.5
Hanwha Life	2,045	*n.m.*	3.4
Allianz Malaysia	1,118	0.8	5.3
Low		0.4	3.4
High		2.1	34.9
Average		1.2	13.5
Median		1.3	10.9
GEH – Implied by the Offer Price	**12,117**	**1.5**	**15.6**

Source: Capital IQ, company announcements, company reports

Notes:

(1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at the Latest Practicable Date as obtained from Capital IQ. Market capitalisation of the Company is approximately SGD12,117 million based on the Offer Price and the total outstanding shares of 473,319,069 as at the Announcement Date.

(2) P/NAV Ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its consolidated net asset value attributed to the company per share as at the latest available financial results.

(3) Net profit attributable to shareholders of the Comparable Companies and the Company are obtained from their respective latest available financial results, and the Company's audited consolidated results for FY2023 respectively.

(4) "***n.m.***" means not meaningful.

(5) "***n.a.***" means not available.

Comparison of P/NAV Ratio implied by the Offer Price against the P/NAV Ratios of the IFRS 17 Comparable Companies

The P/NAV Ratio represents an asset-based relative valuation which takes into consideration the net assets of a company.

We note that for the IFRS 17 Comparable Companies, the range of P/NAV Ratios is between 0.4 times and 2.1 times, while the average and median P/NAV Ratios are 1.2 times and 1.3 times, respectively.

The P/NAV Ratio of the Group implied by the Offer Price of 1.5 times is within the range of the P/NAV Ratios of the IFRS 17 Comparable Companies and above the average and median P/NAV Ratios.

Comparison of P/E Ratio implied by the Offer Price against the P/E Ratios of the IFRS 17 Comparable Companies

The P/E Ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.

We note that for the IFRS 17 Comparable Companies, the range of P/E Ratios is between 3.4 times and 34.9 times, while the average and median P/E Ratios are 13.5 times and 10.9 times, respectively.

The P/E Ratio of the Group implied by the Offer Price of 15.6 times is within the range of the P/E Ratios of the IFRS 17 Comparable Companies and above the average and median P/E Ratios.

On Comprehensive Equity

Following the implementation of IFRS 17 (from 1 January 2023 for the implementation of SFRS(I) 17 in Singapore), we note that certain IFRS 17 Comparable Companies, namely AIA and Prudential, have reported comprehensive equity ("**Comprehensive Equity**") in their latest annual reports.

Comprehensive Equity is defined as shareholders' equity plus net contract service margin ("**CSM**"). CSM is a component of the carrying amount of the asset or liability for a company for insurance contracts issued representing the unearned profit that the group will recognise as it provides insurance contract services in the future.

We note that Comprehensive Equity may be considered by some to be a potential reconciliation between IFRS 17 shareholders' equity and an insurance company's embedded value framework, which is commonly used for valuations. We also note that Comprehensive Equity is expected to assume part of the role Embedded Value has played in supplementing information for shareholders and investors.

As provided by the Company, the Comprehensive Equity of the Group as at 31 December 2023 is SGD13,454.0 million.

We set out below the Comprehensive Equity as at 31 December 2023 of the IFRS 17 Comparable Companies that have reported Comprehensive Equity (being AIA and Prudential), for comparison with the Comprehensive Equity of the Group as at 31 December 2023:

Company	**Comprehensive Equity**[1] **(SGD millions)**
AIA	112,755
Prudential	49,294 [2]
GEH	**13,454**

Source: Company reports

Notes:

(1) As at 31 December 2023.

(2) Referred to as "Adjusted shareholders' equity" by Prudential.

9.5 Comparison of valuation measures of the Group against those of selected comparable transactions

In assessing the Offer Price, we have also examined transactions in the past 5 (five) years prior to the Announcement Date for which information is publicly available that have been announced and/or completed involving the acquisition of controlling and non-controlling stakes in targets that we believe are broadly comparable to the Group in terms of scope of business (predominantly life insurance business), total assets size and geographic market (the "**Comparable Transactions**"). The selection criteria of the Comparable Transactions include, among others, transactions involving targets that predominantly engage in life insurance business with presence mainly in Asia, excluding high-growth markets, and with a minimum transaction value of SGD1,000.0 million.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Comparable Transactions are for illustrative purposes only. The Comparable Transactions are not directly comparable to the terms and conditions of the Offer. The premium any offeror is prepared to pay for in any particular offer transaction depends on various factors, including prevailing market conditions and general economic, regulatory and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Comparable Transactions is by no means exhaustive and information relating to the Comparable Transactions was compiled from publicly available information.

Accordingly, for the purposes of our evaluation, we have considered the following Comparable Transactions which, in our view (and as explained above), are broadly comparable to the Group:

Target	Acquirer	Closed Date	Pre-acquisition Stake (%)	Brief business description
Singlife Financial Pte. Ltd ("**Singlife**")	Sumitomo Life Insurance Company ("**Sumitomo**")	Nov 2023	64.5%	Singlife provides life insurance policies. It offers individual critical illness, disability, and personal accident insurance.
Aviva Ltd ("**Aviva**")	Consortium of investors led by Singapore Life Pte. Ltd ("**Singlife Consortium**")	Nov 2020	-	Aviva's Singapore-based insurance company, Aviva Singapore, owns two financial advisory firms in Singapore, Aviva Financial Advisers and Professional Investment Advisory Services.
SCB Life Assurance Public Company Limited ("**SCB Life**")	FWD Group Financial Services Pte. Ltd. ("**FWD**")	Sep 2019	-	SCB Life offers life insurance services in Thailand.

Source: Capital IQ, company reports and company websites

Valuation Measures of the Comparable Transactions in Comparison with the Valuation Measures of the Company implied by the Offer Price

Closed Date	Target	Acquirer	Stake Acquired	Total Transaction Value (in SGD millions)	P/EV Ratio (times)	P/NAV Ratio (times)	P/E Ratio (times)
Nov 2023	Singlife	Sumitomo	35.5%	1,645.6	*n.a.*	2.2	17.5
Nov 2020	Aviva	Singlife Consortium	75.0%	2,625.4	1.5	1.9	18.7
Sep 2019	SCB Life	FWD	99.2%	4,177.4	*n.a.*	1.2	2.8
Low					**1.5**	**1.2**	**2.8**
High					**1.5**	**2.2**	**18.7**
Average					**1.5**	**1.8**	**13.0**
Median					**1.5**	**1.9**	**17.5**
GEH – Implied by the Offer Price					**0.7**	**1.5**	**15.6**

Source: Capital IQ, company announcements, company reports

9.5.1 Comparison of P/EV Ratios

Based on publicly available information on the Comparable Transactions, only one out of three has information on the Embedded Value of the Target. The P/EV Ratio of the Group implied by the Offer Price of 0.7 times is below the implied P/EV Ratio of 1.5 times for the Aviva-Singlife Consortium transaction. It should be emphasised that the stake acquired in this transaction is 75%, to which a control premium may have been ascribed.

9.5.2 Comparison of P/NAV Ratios

We note that for the Comparable Transactions, the range of implied P/NAV Ratios is between 1.2 times and 2.2 times, while the implied average P/NAV Ratio is 1.8 times and the implied median is 1.9 times.

The P/NAV Ratio of the Group implied by the Offer Price of 1.5 times is within the range of the implied P/NAV Ratios of the Comparable Transactions and below the implied average and median P/NAV Ratios.

9.5.3 Comparison of P/E Ratios

We note that for the Comparable Transactions, the range of implied P/E Ratios is between 2.8 times and 18.7 times, while the implied average and median P/E Ratios are 13.0 times and 17.5 times, respectively.

The P/E Ratio of the Group implied by the Offer Price of 15.6 times is within the range of the implied P/E Ratios of the Comparable Transactions, below the implied median P/E Ratio and above the implied average P/E Ratio.

9.6 Comparison with recent privatisation transactions for companies listed on the SGX-ST

In assessing the Offer Price, we have also examined recent similar transactions by listed companies on the SGX-ST involving successful privatisation transactions announced and completed in the period between 1 January 2021 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to delist and/or privatise the target companies (the "**Precedent Privatisation Transactions**"). Privatisation transactions of companies listed on the SGX-ST are generally carried out by way of voluntary general offer under the Code ("**VGO**"), mandatory general offer under the Code ("**MGO**"), scheme of arrangement under Section 210 of the Companies Act ("**SOA**"), or voluntary delisting under the Listing Manual ("**VD**"). Our analysis of the Precedent Privatisation Transactions is to illustrate the premia/discounts represented by each of the respective offer prices over/to the traded prices prior to the announcements of such Precedent Privatisation Transactions.

The Independent Directors and Shareholders should note that due to the differences in, *inter alia*, business activities, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Precedent Privatisation Transactions are for illustrative purposes only. The Precedent Privatisation Transactions are not directly comparable to the terms and conditions of the Offer. The premium any offeror is prepared to pay for in any particular offer transaction depends on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Precedent Privatisation Transactions is by no means exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

Company name	Announcement date[1]	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement[1]					P/NAV Ratio (times)
		Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
CEI Limited	11 Jan 21	16.2	18.1	20.5	23.6	26.1	1.9
GL Limited	15 Jan 21	42.9	46.6	52.4	45.8	25.1	0.8
International Press Softcom Limited	28 Jan 21	12.5	25.3	32.0	21.6	26.8	1.1
Singapore Reinsurance Corporation Limited	19 Mar 21	19.8	20.6	20.6	21.9	27.6	0.8
World Class Global Limited	12 Mar 21	112.1	107.9	107.9	89.2	73.6	1.5
Neo Group Limited	30 Mar 21	20.0	17.9	14.5	15.4	31.0	2.4
Sin Ghee Huat Corporation Ltd	29 Apr 21	25.6	58.8	58.8	59.8	48.4	0.6-0.7
Top Global Limited	30 Apr 21	1.3	0.3	7.4	10.2	17.8	0.5
Cheung Woh Technologies Limited	6 May 21	90.0	89.5	92.9	109.7	141.1	1.2
Dutech Holdings Limited	31 May 21	74.0	73.3	74.7	73.3	61.1	0.8
Pan Ocean Co., Ltd.	14 Jun 21	8.8	30.8	53.4	67.5	71.1	1.2
Fragrance Group Limited	9 Jul 21	16.9	19.0	19.0	20.0	21.1	0.7
Singapore Press Holdings Limited	29 Oct 21	57.3	71.5	80.3	94.8	199.2	1.1
SingHaiYi Group Ltd	9 Nov 21	8.3	7.3	10.4	18.2	19.4	0.8
Starburst Holdings Limited	10 Nov 21	4.4	3.9	9.2	12.8	25.3	1.6
United Global Limited	10 Dec 21	12.5	16.7	16.7	16.2	14.1	1.1
Roxy-Pacific Holdings Limited	15 Dec 21	19.8	20.9	23.4	30.4	37.0	0.6
Koufu Group Limited	29 Dec 21	15.8	14.4	13.6	15.1	15.3	4.0
Shinvest Holding Ltd	16 Feb 22	12.9	8.5	10.2	10.1	14.3	n.d.[2]
Singapore O&G Limited	7 Mar 22	15.7	14.8	12.2	11.3	11.3	3.3
Excelpoint Technology Limited	13 Apr 22	21.4	36.6	31.3	45.9	72.3	n.d.[2]
Hwa Hong Corporation Limited	17 May 22	37.9	36.1	32.0	22.0	24.6	1.4
T T J Holdings Limited	20 May 22	36.1	33.6	28.8	28.0	29.4	0.6
GYP Properties Limited	8 Jul 22	34.2	37.9	33.3	28.2	30.7	0.7
SP Corporation Limited	20 Aug 22	169.5	163.7	162.8	156.9	140.5	1.0
Silkroad Nickel Ltd.	29 Aug 22	2.4	4.7	5.0	(5.6)	(3.2)	5.1

Company name	Announcement date[1]	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement[1]					P/NAV Ratio (times)
		Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Memories Group Limited	12 Sep 22	34.3	67.9	74.1	74.1	74.1	1.0
Singapore Medical Group Limited	13 Sep 22	23.1	28.1	28.9	25.8	27.5	1.1
Moya Holdings Asia Limited	14 Sep 22	41.5	43.8	48.4	48.4	46.0	1.0
MS Holdings Limited	3 Oct 22	16.7	n.d.	25.2	25.4	24.6	0.5
Asian Healthcare Specialists Limited	6 Oct 22	17.5	18.3	21.3	22.3	19.5	2.1
Colex Holdings Limited	12 Oct 22	25.0	13.9	13.3	n.d.[2]	n.d.[2]	1.6
Golden Energy and Resources Limited	9 Nov 22	15.8	23.0	44.6	48.3	63.8	4.5
Boustead Projects Limited	14 Nov 23	23.6	24.1	25.7	26.6	26.9	0.9
Chip Eng Seng Corporation Ltd	2 Dec 22	5.6	13.1	26.5	33.7	42.6	0.8
Global Dragon Limited	10 Feb 23	14.3	15.4	22.4	17.6	17.6	1.0
GK Goh Holdings Limited	28 Feb 23	38.5	38.8	39.2	37.6	34.8	1.0
Global Palm Resources Holdings Limited	29 Mar 23	93.8	86.6	70.1	70.1	30.2	0.9
Lian Beng Group Ltd	11 Apr 23	19.3	26.9	28.5	29.8	30.3	0.4
Challenger Technologies Limited	30 May 23	9.1	10.5	11.9	14.3	13.4	1.5
Sysma Holdings Limited	1 Jun 23	34.4	40.0	34.4	30.2	28.2	0.7
LHN Logistics Limited	4 Jun 23	34.9	35.7	39.0	44.3	39.0	2.9
Healthway Medical Corporation Limited	3 Jul 23	45.5	45.5	45.5	41.2	37.1	1.1
Low		1.3	0.3	5.0	(5.6)	(3.2)	**0.4**
High		169.5	163.7	162.8	156.9	199.2	**5.1**
Average		32.1	36.0	37.7	38.9	41.8	**1.4**
Median		20.0	26.1	28.8	28.1	28.8	**1.0**
GEH - Implied by Offer Price		**36.9**	**38.6**	**40.0**	**42.3**	**45.1**	**1.5**

Source: Capital IQ, company circulars and company reports

Notes:

(1) Market premium/discount is calculated based on the share price on either the last trading date or unaffected day for the given periods, as defined in the respective circulars.

We note the following with regard to the Precedent Privatisation Transactions:

(a) the premium of 36.9% implied by the Offer Price against the last transacted price of the Shares prior to the Announcement Date is within the range of premia, and is above the median and average premia of the Precedent Privatisation Transactions;

(b) the premia of 38.6%, 40.0%, 42.3% and 45.1% implied by the Offer Price against the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to the Announcement Date are within the range of premia, and are above the median and average premia of the Precedent Privatisation Transactions; and

(c) the 1.5 times implied by the Offer Price over the NAV per Share as at 31 December 2023 is within the range of and is above the median and average P/NAV Ratios of the Precedent Privatisation Transactions.

9.7 Range of values of the Shares

As set out in sections 9.1 to 9.6 of this letter, we have taken into consideration different factors in our evaluation of the financial terms of the Offer, being the Offer Price of SGD25.60 per Share.

We have considered the historical traded prices and liquidity of the Shares prior and up to the Latest Practicable Date. We have also considered the liquidity of the Shares against the liquidity of STI constituents as well as the movements of the Shares against STI movements. However, based on our analyses as set out in this letter, it would appear that the historical trading price of the Shares may not be fully reflective of the value of the Shares given the low trading liquidity which may be attributed to the relatively low free float of the Company given the Offeror's 88.44% stake in the Company. Accordingly, we considered that the resulting premia to historical traded prices of the Shares may not be the appropriate basis in determining the value of the Shares.

In determining the range of value for the Shares, we have considered the reported Embedded Value of the Group as at 31 December 2023. As set out in section 9.3 of this letter, Embedded Value is a commonly used actuarial technique to assess the economic value of the existing business of a life insurance company and is developed as a way to assess the long-term economic value of a life insurance company for the existing blocks of business. We note the Embedded Value of the Group has been determined using the traditional deterministic cash flow methodology comprising the sum of the Value of In-force Business and the Adjusted Shareholders' Funds. The Value of In-force Business represents an estimate of the economic value of projected distributable profits to shareholders from the in-force business at the valuation date, being 31 December 2023, while the Adjusted Shareholders' Funds represents the value of assets over and above that required to meet statutory reserves, capital requirements and other liabilities.

In our evaluation of the Offer, we have taken into consideration the Embedded Value per Share of the Group as at 31 December 2023 of SGD36.59 and made an adjustment for the dividend of SGD0.40 per Share paid after the Announcement Date. As such, the higher limit for the valuation for the Shares is **SGD36.19 per Share**.

At the lower end of the valuation range for the Shares, we have taken into consideration the historical P/EV Ratios of the Comparable Companies over the period of ten years prior and up to the Latest Practicable Date, as set out in section 9.4.1 of this letter. We note that over the period observed of ten years prior and up to the Latest Practicable Date, the Group and the Comparable Companies appear to have experienced a steady decline in their respective P/EV Ratios. We also note that as at the Latest Practicable Date, only AIA and Manulife are trading above 1 time their respective Embedded Values. Save for AIA and Manulife, the rest of the Comparable Companies are trading at discounts to their respective Embedded Values and have been largely doing so since the Covid19 pandemic.

We note that the average P/EV Ratio of the Comparable Companies over the ten-year period prior and up to the Latest Practicable Date is 0.8 times. When the multiple of 0.8 times is applied to the reported Embedded Value per Share of the Group as at 31 December 2023 of SGD36.59 and after adjusting for the dividend of SGD0.40 per Share paid after the Announcement Date, the resulting value is **SGD28.87 per Share**.

Based on the foregoing, we have determined the range of values of the Shares to be from approximately **SGD28.87 per Share** (based on application of the average P/EV Ratio of the Comparable Companies over the ten-year period prior and up to the Latest Practicable Date of 0.8 times to the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date) to approximately **SGD36.19 per Share** (based on the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date).

As such, the Offer Price of SGD25.60 per Share is <u>below</u> our estimated range of value for the Shares of between SGD28.87 per Share and SGD36.19 per Share.

9.8 Other Relevant Considerations in relation to the Offer

We have also considered the following in our evaluation of the Offer:

9.8.1 Dividend track record of the Company

We set out below the information on the dividend per Share as declared by the Company for the last three financial years from the financial years ended 31 December 2021 ("**FY2021**"), 31 December 2022 ("**FY2022**") to FY2023:

Dividend Declared (SGD)	FY2021	FY2022	FY2023
Interim dividend per Share	0.10	0.10	0.35
Final dividend per Share	0.55	0.55	0.40
Total	**0.65**	**0.65**	**0.75**
Average share price (1) (SGD)	21.72	19.72	17.85
Dividend yield (2) (%)	2.99	3.30	4.20

Source: Annual reports, company announcements

Notes:

(1) Based on the daily closing prices of the Shares for the respective financial year.

(2) Computed based on dividend per Share divided by the average Share price.

Based on the above, we note that the Company has paid dividends in FY2021, FY2022 and FY2023, with dividend per Share of SGD0.65, SGD0.65 and SGD0.75, respectively. Dividend yields were 2.99%, 3.30% and 4.20% in FY2021, FY2022 and FY2023 respectively.

We set out below the comparison of the dividend yields of the Company against those of the Comparable Companies:

Comparable Companies	Year 1(1) Dividend Yield (%)	Year 2(1) Dividend Yield (%)	Year 3(1) Dividend Yield (%)
AIA	1.56	1.97	2.11
Manulife	4.69	5.50	5.68
Prudential	1.74	2.94	3.14
Dai-ichi Life	2.92	3.33	3.05
Samsung Life[2]	-	-	-
T&D	3.22	3.54	2.91
Japan Post	4.37	4.30	3.97
Thai Life	-	1.94	2.81
Hanwha Life[2]	-	-	-
Bangkok Life	1.99	1.58	1.86
Allianz Malaysia	4.78	6.54	6.63
Low	**1.56**	**1.58**	**1.86**
High	**4.78**	**6.54**	**6.63**
Median	**3.07**	**3.33**	**3.05**
Average	**3.16**	**3.52**	**3.57**
GEH	**2.99**	**3.30**	**4.20**

Source: Annual reports, company announcements

Note:

(1) Based on the last three financial years by the Comparable Companies.

(2) Dividends for Samsung Life and Hanwha Life, if any, were not disclosed.

Based on the above, we note that the Company's dividend yields are within the range of the dividend yields of the Comparable Companies in FY2021, FY2022 and FY2023. In FY2021 and FY2022, the Company's dividend yields are slightly below the average and median dividend yields of the Comparable Companies. In FY2023, the Company's dividend yield is above the average and median dividend yields of the Comparable Companies.

We note that the Company has a sustainable dividend policy that will enhance long-term shareholder value. As set out in the AR2023, the Company's policy is to pay a steady dividend payment twice yearly. Each twice yearly payment will be of an amount that targets a full year payout to shareholders that is based on the sustainable profit level of the Company, and dividends will be progressive in line with the profit trend. Barring unforeseen circumstances, the Company aims to maintain each dividend amount to be no lower than the preceding one.

We wish to highlight that the above dividend analysis is for illustrative purposes only and there is no assurance that the Company will pay dividends in the future.

9.8.2 Revision of the Offer

We note that as set out in Section 1.3 of Appendix 1 (Details of the Offer) to the Offer Document, "*pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.*"

9.8.3 Intention of the Offeror regarding the Company

We note that the Offeror intends to continue to develop and grow the businesses of the Group. The Offeror has no intentions to (i) introduce any major changes to the business of the Company; (ii) to re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. However, the Offeror retains the flexibility to, at any time, consider a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential.

9.8.4 Offer is unconditional in all respects

As set out in Section 2.6 of the Letter to Shareholders in the Offer Document, we note that the Offer is unconditional in all respects.

9.8.5 Intention of the Offeror regarding the listing status of the Company

Pursuant to Rule 723 of the Listing Manual, the Company must ensure compliance with the free float requirement, wherein at least 10.0 per cent. of the total number of Shares are held by at least 500 Shareholders who are members of the public (the "**Free Float Requirement**").

We also note that, as stated in the Offer Document, the Offeror intends to seek a delisting of the Company from the SGX-ST if the Free Float Requirement under the SGX Listing Manual is not met. In addition, the Offeror does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 or 1303(1) of the Listing Manual.

Further, we note that the Offeror reserves its right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

We wish to highlight that the Offeror has stated in the Offer Document that Shareholders who do not accept the Offer should note that in the event:

(i) GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and

(ii) The trading of the Shares on the SGX-ST is suspended pursuant to Rule 724, 1105 or 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH but, pursuant to Rules 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.

As such, we wish to highlight that there is no assurance that the Company will remain listed on the SGX-ST and no guarantee that the Shares will continue to be traded on the SGX-ST after the close of the Offer. Shareholders who do not accept the Offer may face difficulties in selling their Shares after the close of the Offer.

9.8.6 Intention of the Offeror regarding compulsory acquisition pursuant to Section 215 of the Companies Act

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue (excluding those Shares already held by the Offeror, its related corporations or their respective nominees[5] as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Offer Shares held by Shareholders who have not accepted the Offer ("**Dissenting Shareholders**"). We note that the Offeror has stated in the Offer Announcement and the Offer Document that in the event it becomes entitled to exercise its right under Section 215(1) of the Companies Act, it intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer.

Pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Offer Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees[5] acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent or more of the total number of Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

9.8.7 Risk of trading suspension of the Shares

Under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares held in public hands falls below 10 per cent., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST.

As at the latest practicable date stated in the Offer Document, the Offeror's shareholding in the Company represents approximately 88.44% of the total number of issued Shares. As a result, if acceptances are received and/or purchases of the Shares are made by the Offeror amounting to approximately 1.56% of the total number of issued Shares, an announcement is required to be

[5] And other persons required to be excluded under Section 215(9A) of the Companies Act.

made by the Company, as soon as practicable, that the total number of Shares held in public hands has fallen below 10 per cent and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST.

Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**"), in its Regulator's Column dated 11 July 2019, stated that "*it will generally consider waiving compliance from the requirements imposed on a voluntary delisting if the general offer under the Singapore Code on Takeovers and Mergers ("**General Offer**") is fair and reasonable (and the independent financial adviser has opined that the General Offer is fair and reasonable), and as at the close of the General Offer, the offeror has received acceptances from independent shareholders that represent a majority of at least 75% of the total number of issued shares held by independent shareholders. If these waiver conditions are not met, the issuer will remain listed. If the issuer has lost its public float, SGX may suspend the trading of the issuer's securities, in which case, the issuer is obliged to comply with the SGX Listing Rules, including the requirement to restore its public float (through private placement or otherwise).*".

Shareholders should also take note that Rule 33.2 of the Code provides (amongst others) that, "*Except with the Council's consent, if a person, together with any person acting in concert with him, holds shares carrying more than 50% of the voting rights of a company, neither that person nor any person acting in concert with him may, within 6 months of the closure of any previous offer other than a partial offer (see Rule 16.4(b)(iv)) made by him to the shareholders of that company which became or was declared unconditional in all respects, make a second offer to, or acquire any shares from, any shareholder in that company on terms better than those made available under the previous offer. They must also not enter into any special deals with any shareholder (see Rule 10)*.".

Taking into consideration the intention of the Offeror regarding the listing status of the Company, in the event that trading in the Shares is suspended under the Listing Manual and the Offeror is unable to exercise its rights regarding compulsory acquisition pursuant to Section 215(1) of the Companies Act at the close of the Offer or meet the conditions set out by SGX RegCo to waive of compliance with the voluntary delisting requirements pursuant to the Listing Manual, it may be possible that trading in the Shares of the Company will remain suspended indefinitely until a resolution is achieved.

Shareholders should therefore carefully consider the analyses in this letter, our opinion and recommendation on the Offer as set out in Section 10 of this letter, the likelihood of the free float of the Company falling below 10 per cent. in public hands leading to a trading suspension of the Shares on the SGX-ST, the requirements for a voluntary delisting under the Listing Manual (as modified by the statements made by SGX RegCo) and acceptances needed by the Offeror to exercise its rights of compulsory acquisition pursuant to Section 215 of the Companies Act.

9.8.8 Likelihood of competing offers

We understand from the Directors that, as at the Latest Practicable Date, there is no other alternative offer or proposal received by the Company. We also note that there is no publicly available evidence of an alternative offer for the Shares from any third party.

Given the Offeror's shareholdings in the Company represent approximately 88.44% of the total number of issued Shares as at the latest practicable date stated in the Offer Document, we note that there is no other general offer that will be capable of turning unconditional or succeeding.

9.8.9 Implications of delisting or suspension of Shares for the Shareholders

Given the Offeror's shareholding in the Company as at latest practicable date of the Offer Document of approximately 88.44% of the total number of issued Shares, Shareholders who do not accept the Offer should take note of the following implications and/or potential consequences which may arise in the event of any suspension in the trading and/or delisting of the Shares:

(a) Shares of unquoted or unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability of such shares.

(b) Pursuant to Rule 729 of the Listing Manual, such Shareholders who do not accept the Offer or sell their Shares prior to the close of the Offer will not be able to transfer such Shares without the prior approval of the SGX-ST. It is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to dispose of their Shares. If the Company is delisted from the Official List of the SGX-ST, even if the Shareholders may be able to sell their Shares, such Shareholders may receive a lower price compared to the Offer Price.

(c) As an unquoted or unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual. Shareholders should note that they will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as the Company is incorporated in Singapore, it will still need to comply with the Companies Act and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

(d) There is no assurance that the Company will maintain its historical dividend payments in the future.

(e) In the event of a suspension of the Shares from trading on the SGX-ST upon the close of the Offer and due to the loss of the required free float under the Listing Manual, there is no assurance that the Offeror and/or any other party will make another offer for the Shares in the future.

10 OUR OPINION AND ADVICE ON THE OFFER

In arriving at our advice on the Offer to the Independent Directors, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Offer. The factors we have considered in our evaluation are discussed in detail in the earlier sections of this letter.

In determining the fairness of the Offer from a financial point of view, we have considered, among others, the following factors:

(a) The Offer Price of SGD25.60 per Share is lower than the derived range of values for the Shares. We have determined the range of values of the Shares to be from approximately SGD28.87 per Share (based on application of the average P/EV Ratio of the Comparable Companies over the ten-year period prior and up to the Latest Practicable Date of 0.8 times to the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date) to approximately SGD36.19 per Share (based on the reported Embedded Value of the Group as at 31 December 2023 and adjusted for the dividend of SGD0.40 per Share paid after the Announcement Date).

(b) The P/EV Ratio implied by the Offer Price of 0.70 times represents a 30% discount to the reported Embedded Value of the Group as at 31 December 2023 and does not ascribe a value to the Group's Value of One Year's New Business; and

(c) The P/NAV Ratio implied by the Offer Price of 1.5 times is lower than the average and median P/NAV Ratios of the Comparable Transactions of 1.8 times and 1.9 times, respectively.

After having considered carefully the information above, we are of the view that the Offer is **not fair**.

In determining the reasonableness of the Offer, we have considered, among others, the following factors:

(a) **Minority Interest**. As at the Latest Practicable Date, the Offer Shares comprise approximately 11.56% of the issued share capital of the Company. Such minority interests, even if fully aggregated into one voting block, will lack the authority to make management decisions, change key personnel or influence the business direction of the Group without the support of the Offeror.

(b) **Historical P/EV Ratio of the Group.** While the Offer Price represents an implied discount of 30.0% to the reported Embedded Value of the Shares as at 31 December 2023, the Shares had consistently traded below the Embedded Value per Share since October 2019 up to the Announcement Date.

The P/EV Ratio implied by the Offer Price is above the average and median daily P/EV Ratios of 0.57 times and 0.53 times, respectively for the period of five years prior and up to the Announcement Date;

(c) **Historical P/VOYNB Ratio of the Group.** The Shares had consistently traded below the implied P/VOYNB Ratio based on the Offer Price of 17.7 times since October 2019 up to the Announcement Date.

The P/VOYNB Ratio implied by the Offer Price is above the average and median daily P/VOYNB Ratios of 13.8 times and 12.8 times, respectively for the period of five years prior and up to the Announcement Date;

(d) **Historical liquidity of the Shares**. The average daily traded volume of the Shares for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years prior to and including the Last Trading Date are approximately 0.06%, 0.04%, 0.04%, 0.05%, 0.04% and 0.04% of the free float, respectively. The average daily traded volume of the Shares for the ten-year period preceding the Latest Practicable Date represents approximately 0.04% of the free float.

The average daily traded volume of the Shares on the Last Trading Date is approximately 0.10% of the free float.

The daily traded volume of the Shares have significantly increased following the Announcement Date. The average daily traded volume of the Shares for the period following the Announcement Date up to the Latest Practicable Date is approximately 0.66% of the free float.

The traded volume of the Shares on the Latest Practicable Date represents approximately 0.61% of the free float.

The number of days on which Shares were traded on the SGX-ST for the different periods prior to and including the Last Trading Date ranged from approximately 99.6% to 100.0% of the number of market days for the SGX-ST, and the Shares had been traded on every market day for the SGX-ST for the period following the Announcement Date up to the Latest Practicable Date.

(e) **Liquidity of the Shares against the liquidity of STI constituents**. The average daily trading volume of the Shares to free float of 0.10% for the 1-year period prior to and including the Latest Practicable Date is within the range of average daily trading volume to free float for the STI Constituents, but below the average and median.

The average daily trading value of the Shares to the implied value of the Offer of 0.01% for the 1-year period prior to and including the Latest Practicable Date is below the range of average daily trading value to market capitalisation as at the Latest Practicable Date for the STI Constituents.

Taking into account the liquidity analyses of the Shares that have been performed, it would appear that the trading price of the Shares may not be fully reflective of the value of the Shares.

(f) **Share price performance**. The Offer Price represents premia of approximately 38.6%, 40.0%, 42.3%, 45.1%, 42.3% and 29.0% over the VWAPs for the periods 1 month, 3 months, 6 months, 1 year, 2 years and 5 years to and including the Last Trading Date. The Offer Price represents a premium of approximately 15.5% over the VWAP for the ten-year period preceding the Latest Practicable Date, when the Shares traded between SGD16.45 (on 23 March 2020) and SGD31.59 per Share (on 19 April 2018).

The Offer Price represents a premium of approximately 36.9% over the last transacted price as at the Last Trading Date.

The traded prices of the Shares have significantly increased following the Announcement Date. For the period following the Announcement Date up to the Latest Practicable Date, the Shares traded between SGD25.72 per Share and SGD26.42 per Share. The Offer Price of SGD25.60 represents a discount of 1.3% to the VWAP of the Shares over this period.

The Offer Price represents a discount of approximately 1.5% to the last transacted price as at the Latest Practicable Date of SGD26.00.

The last time the Shares traded at or over the Offer Price was on 30 July 2019.

(g) **Price performance of the Shares against the Singapore equity market**. The Shares had generally underperformed the STI in relative terms from 1 January 2019 and up to the Latest Practicable Date.

The significant uptick shown at the end of the period observed reflects the movements of the Shares following the announcement of the Offer.

The announcement of the Offer appears to have had an impact on the trading price and volume of the Shares, and the current trading price and volume of the Shares is likely to be supported by the Offer. There is no assurance that the market price and trading volume of the Shares as at the Latest Practicable Date will remain at the same levels after the close or lapse of the Offer.

(h) **Trading Performance**. The Shares had consistently traded below the implied P/NAV Ratio based on the Offer Price since October 2019 up until the Announcement Date. The P/NAV Ratio implied by the Offer Price is above the average and median daily P/NAV Ratios for the period of five years prior and up to the Announcement Date.

The Shares had also consistently traded below the implied P/E Ratio based on the Offer Price from January 2019 until the Announcement Date. The P/E Ratio implied by the Offer Price is above the average and median daily P/E Ratio for the period of five years prior and up to the Announcement Date.

(i) **Comparison of valuation measures of the Group against the Comparable**

Companies. The P/EV Ratio of the Group implied by the Offer Price is within the range of the P/EV Ratios of the Comparable Companies and in line with the average and median P/EV Ratios.

The P/VOYNB Ratio of the Group implied by the Offer Price is within the range of the P/VOYNB Ratios of the Comparable Companies and above the average and median P/VOYNB Ratios.

(j) **Comparison of valuation measures of the Group against the IFRS 17 Comparable Companies**. The P/NAV Ratio of the Group implied by the Offer Price is within the range of the P/NAV Ratios of the IFRS 17 Comparable Companies and above the average and median P/NAV Ratios.

The P/E Ratio of the Group implied by the Offer Price is within the range of the P/E Ratios of the IFRS 17 Comparable Companies and above the average and median P/E Ratios.

(k) **Comparison of valuation measures of the Group against the Comparable Transactions.** The P/NAV Ratio of the Group implied by the Offer Price is within the range of the implied P/NAV Ratios of the Comparable Transactions and below the implied average and median P/NAV Ratios.

The P/E Ratio of the Group implied by the Offer Price is within the range of the implied P/E Ratios of the Comparable Transactions, below the implied median P/E Ratio and above the implied average P/E Ratio.

(l) **Comparison with the Precedent Privatisation Transactions**. The premium implied by the Offer Price against the last transacted price of the Shares prior to the Announcement Date is within the range of premia, and is above the median and average premia of the Precedent Privatisation Transactions.

The premia implied by the Offer Price against the 1-month, 3-month, 6-month and 12-month VWAPs of the Shares prior to the Announcement Date are within the range of premia, and are above the median and average premia of the Precedent Privatisation Transactions.

The P/NAV Ratio implied by the Offer Price over the NAV per Share as at 31 December 2023 is within the range of and is above the median and average P/NAV Ratios of the Precedent Privatisation Transactions.

(m) **Dividend track record.** The Company has paid dividends in FY2021, FY2022 and FY2023, with dividend yields of 2.99%, 3.30% and 4.20% in FY2021, FY2022 and FY2023 respectively.

The Company's dividend yields are within the range of the dividend yields of the Comparable Companies in FY2021, FY2022 and FY2023. In FY2021 and FY2022, the Company's dividend yields are slightly below the average and median dividend yields of the Comparable Companies, while in FY2023, the Company's dividend yield is above the average and median dividend yields of the Comparable Companies.

The Company has a sustainable dividend policy that will enhance long-term shareholder value. As set out in the AR2023, the Company's policy is to pay a more steady dividend payment twice yearly.

(n) **Revision of the Offer.** Pursuant to Rule 20.1 of the Code, the terms of the Offer, where the terms of the Offer are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(o) **Offer is unconditional in all respects.**

(p) **Offeror's intentions regarding the listing status of the Company and on compulsory acquisition**. The Offeror has stated that it is making the Offer with the intention to seek a delisting of the Company from the SGX-ST if the Free Float Requirement is not met. The Offeror also does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended pursuant to Rules 724, 1105 and 1303(1) of the Listing Manual. In addition, the Offeror has stated that it reserves its right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

(q) **Risk of trading suspension of the Shares**. As at the latest practicable date stated in the Offer Document, the Offeror's shareholding in the Company represents approximately 88.44% of the total number of issued Shares. As a result, if acceptances are received and /or purchases of the Shares are made by the Offeror amounting to approximately 1.56% of the total number of issued Shares, an announcement is required to be made by the Company, as soon as practicable, that the total number of Shares held in public hands has fallen below 10 per cent and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST.

Taking into consideration the intention of the Offeror regarding the listing status of the Company, in the event that trading in the Shares is suspended under the Listing Manual and the Offeror is unable to exercise its rights regarding compulsory acquisition pursuant to Section 215(1) of the Companies Act at the close of the Offer or meet the conditions set out by SGX Regco to waive compliance with the voluntary delisting requirements pursuant to the Listing Manual, it may be possible that trading in the Shares of the Company will remain suspended indefinitely until a resolution is achieved.

The Offeror has stated in the Offer Document that Shareholders who do not accept the Offer should note that in the event:

(i) GEH is delisted from the SGX-ST, such Shareholders will continue to hold their Shares and remain shareholders of GEH but will not be able to trade such Shares on the SGX-ST; and

(ii) the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724, 1105 or 1303(1) of the Listing Manual, such Shareholders will continue to hold their Shares and remain shareholders of GEH but, pursuant to Rule 729 of the Listing Manual, will not be able to transfer such Shares without the prior approval of the SGX-ST.

(r) **Likelihood of competing offers**. Given the Offeror's shareholdings in the Company represent approximately 88.44% of the total number of issued Shares as at the latest practicable date stated in the Offer Document, we note that there is no other general offer that will be capable of turning unconditional or succeeding.

(s) The implications and/or potential consequences set out in Section 9.8.7 of this letter which may arise in the event of any suspension in the trading and/or delisting of the Shares.

After having carefully considered the information above, we are of the view that the Offer is **reasonable**.

Having regard to the considerations set out in this letter and as discussed above, the information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are, on balance, **not fair but reasonable**. Taking the factors we have considered, we advise the Independent Directors to recommend that Shareholders **accept the Offer**.

Shareholders may wish to sell their Shares in the open market if they are able to obtain a price higher than the Offer Price, net of related expenses (such as brokerage and trading costs). In this regard, we note that Shares have traded above the Offer Price subsequent to the Announcement Date.

We advise the Independent Directors to consider highlighting to the Shareholders that the current share price appears to be supported by the Offer and there is no assurance that the price and liquidity of the Shares will remain at current levels after the close of the Offer and the current price and liquidity performance of the Shares is not indicative of the future price performance levels of the Shares.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date. Our advice on the Offer cannot and does not take into account any subsequent developments after the Latest Practicable Date, including future trading activity or price levels of the Shares, as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Offer.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Offer. The recommendations made by the Independent Directors to the Shareholders in respect of the Offer shall remain their responsibility. A copy of this letter may be reproduced in the Offeree Circular.

Whilst a copy of this letter may be reproduced in the Offeree Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than in relation to the Offer at any time and in any manner without our prior written consent in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Mah Kah Loon
Chief Executive Officer

Luke Pais
Partner

APPENDIX II

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr Soon Tit Koon	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Chairman, Non-Executive Independent Director
Dr Chong Yoke Sin	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Mr Lee Fook Sun	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Mr Lee Kok Keng Andrew	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director
Mr Lee Lap Wah George	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Dr Lim Kuo Yi	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Mr Ng Chee Peng	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Mr Tam Chee Chong	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Mrs Teoh Lian Ee	c/o 1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Non-Executive Independent Director
Ms Wong Pik Kuen Helen	c/o 65 Chulia Street #08-00 OCBC Centre Singapore 049513	Non-Executive Non-Independent Director

2. DESCRIPTION OF THE COMPANY

The Company is an investment holding company and has been listed on the SGX-ST since 29 November 1999. Founded in 1908, the GEH Group is a well-established market leader and trusted brand for insurance products and related financial advisory services in Singapore and Malaysia. The GEH Group also operates in Indonesia and Brunei. The GEH Group provides insurance solutions to customers through three distribution channels – a tied agency force, bancassurance, and a financial advisory firm, Great Eastern Financial Advisers Private Limited. GEH's asset management subsidiary, Lion Global Investors Limited, is an asset management company that provides Asian-centric investment solutions.

3. SHARE CAPITAL

3.1 Issued Share Capital

The issued and paid-up share capital of the Company as at the Latest Practicable Date is approximately S$152.7 million, comprising 473,319,069 Shares[8], based on publicly available information on the Company as at the Latest Practicable Date.

3.2 Capital, Dividends and Voting Rights

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in **Appendix III** to this Circular. The Constitution is available for inspection at the registered address of the Company at 1 Pickering Street, #16-01 Great Eastern Centre, Singapore 048659 during normal business hours for the period during which the Offer remains open for acceptance.

3.3 Number of Shares Issued Since the End of the Last Financial Year

As at the Latest Practicable Date, the Company has not issued any new Shares since 31 December 2023, being the end of the last financial year of the Company.

3.4 Options and Convertible Instruments

The Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, the Shares and securities which carry voting rights affecting the Shares that are outstanding as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, the Company does not hold any Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

[8] The Company has no treasury shares.

4.3 Interests of the Directors in Offeror Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in any Offeror Securities as at the Latest Practicable Date:

(a) Interests of the Directors in Offeror Shares

	Direct Interest		Deemed Interest	
Name	**No. of Offeror Shares**	**%(1)**	**No. of Offeror Shares**	**%(1)**
Mr Soon Tit Koon	472	n.m.(2)	-	-
Mr Lee Fook Sun	-	-	190,158(3)	n.m.(2)
Mr Lee Kok Keng Andrew	535,953	0.01	-	-
Mr Lee Lap Wah George	85,143	n.m.(2)	-	-
Mr Ng Chee Peng	13,109	n.m.(2)	1,500(4)	n.m.(2)
Mr Tam Chee Chong	10,133	n.m.(2)	-	-
Mrs Teoh Lian Ee	24,711	n.m.(2)	299(5)	n.m.(2)
Ms Wong Pik Kuen Helen	618,702	0.01	726,770(6)	0.02

Notes:

(1) Based on a total of 4,497,376,069 Offeror Shares (excluding treasury shares) in issue as at the Latest Practicable Date and rounded to the nearest two (2) decimal places.

(2) Not meaningful.

(3) Held under Halden Joy Trust.

(4) Mr Ng Chee Peng is deemed interested in 1,500 Offeror Shares held by his spouse.

(5) Mrs Teoh Lian Ee is deemed interested in 299 Offeror Shares held by her spouse.

(6) Ms Wong Pik Kuen Helen is deemed interested in 726,770 Offeror Shares which she is entitled to acquire pursuant to share awards granted under the OCBC Deferred Share Plan 2021 as at the Latest Practicable Date. This figure does not include additional Offeror Shares arising from subsequent adjustments to share awards under the OCBC Deferred Share Plan 2021 following the declaration of dividends by the Offeror.

(b) Interests of the Directors in Offeror Options

Name	Number of Offeror Options	Exercise Period	Exercise Price (S$)
Mr Lee Kok Keng Andrew	20,427	16/03/2016 - 15/03/2025	10.3780
Mr Lee Kok Keng Andrew	23,085	16/03/2017 - 15/03/2026	8.8140

4.4 Dealings in Offeror Securities by the Directors

Save as disclosed below, none of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable

Date:

Name	Transaction Date	Transaction Type	No. of Offeror Shares	Transaction Price Per Offeror Share (S$)	%[(1)]
Ms Wong Pik Kuen Helen	12 March 2024	Vesting of Share Awards[(2)]	81,894	Not applicable	n.m.[(4)]
Ms Wong Pik Kuen Helen	25 April 2024	Vesting of Share Awards[(2)]	95,200	Not applicable	n.m.[(4)]
Ms Wong Pik Kuen Helen	2 May 2024	Grant of Share Awards[(2)]	325,534	Not applicable	0.01
Mr Lee Kok Keng Andrew	2 May 2024	Issue of Bonus Shares[(3)]	6,000	Not applicable	n.m.[(4)]

Notes:

(1) Based on a total of 4,497,376,069 Offeror Shares (excluding treasury shares) in issue as at the Latest Practicable Date and rounded to the nearest two (2) decimal places.

(2) These refer to share awards granted to Ms Wong Pik Kuen Helen under the OCBC Deferred Share Plan 2021.

(3) Mr Lee Kok Keng Andrew was issued 6,000 Offeror Shares as bonus shares, which comprise part of his remuneration as a non-executive director of the Offeror for FY23.

(4) Not meaningful.

4.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in any Company Securities as at the Latest Practicable Date:

	Direct Interest		Deemed Interest	
Name	No. of Shares	%[(1)]	No. of Shares	%[(1)]
Mrs Teoh Lian Ee	-	-	5,000[(2)]	n.m.[(3)]

Notes:

(1) Based on a total of 473,319,069 Shares in issue as at the Latest Practicable Date and rounded to the nearest two (2) decimal places.

(2) Mrs Teoh Lian Ee is deemed interested in 5,000 Shares held by her spouse.

(3) Not meaningful.

4.6 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date.

4.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Company Securities.

4.8 Dealings in Company Securities by the IFA

During the period commencing three (3) months prior to the Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the Company Securities.

4.9 Intentions of the Directors in relation to the Offer

Mrs Teoh Lian Ee has a deemed interest in 5,000 Shares held by her spouse. As at the Latest Practicable Date, she understands that her spouse will not accept the Offer.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts

As at the Latest Practicable Date:

(a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation; and

(b) there are no such contracts entered into or amended during the period between the start of six (6) months preceding the Announcement Date and ending on the Latest Practicable Date.

5.2 No Payment or Benefit to Directors

There is no payment or other benefit which will be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer as at the Latest Practicable Date.

5.3 No Agreement Conditional upon Outcome of Offer

There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer as at the Latest Practicable Date.

5.4 Material Contracts entered into by Offeror

There are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect, as at the Latest Practicable Date.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in the Annual Reports for FY21, FY22 and FY23 and any other information on the GEH Group which is publicly available (including without limitation, the 1Q24 Financial Summary and the announcements released by the Company on SGXNET at www.sgx.com), neither the Company nor any of the Company's subsidiaries has entered into any material contracts with Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Announcement Date and ending on the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the GEH Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the GEH Group, taken as a whole.

8. FINANCIAL INFORMATION

8.1 Consolidated Profit or Loss Statements

Certain financial information extracted from the audited consolidated financial statements of the GEH Group for the last three (3) financial years (FY23, FY22 and FY21) is summarised below. The financial information referred to in this paragraph should be read in conjunction with the audited consolidated financial statements of the GEH Group and the accompanying notes as set out in the Annual Reports for FY23, FY22 and FY21 respectively. The (a) audited consolidated financial statements of the GEH Group for FY23 as extracted from the Annual Report for FY23; and (b) 1Q24 Financial Summary are reproduced in **Appendix IV** and **Appendix V** to this Circular respectively.

	Audited FY23	**Audited FY22 (Restated)(1)**	**Audited FY21(2)**
Insurance Service Results (SGD 'm)	574.8	810.0	N.A.
Profit before income tax (SGD 'm)	1,070.5	810.0	2,648.5
Profit after income tax (SGD 'm)	789.2	612.7	1,133.4
Attributable to:			
Shareholders (SGD 'm)	774.6	610.0	1,113.0
Non-controlling interests (SGD 'm)	14.6	2.7	20.4
Basic earnings per Share (S$)	1.64	1.29	2.35
Dividends per Share (cents)	75.0	65.0	65.0

Notes:

(1) As stated in Note 2.2 to the audited consolidated financial statements of the GEH Group for FY23 (as set out in **Appendix IV** to this Circular), the GEH Group had applied, among others, SFRS(I) 17 – Insurance Contracts and the interpretations relating thereto for the first time for the annual financial period beginning on 1 January 2023. The GEH Group has restated the comparative figures for FY22, applying the transitional provisions in SFRS(I) 17 – Insurance Contracts. Please refer to paragraph 8.4 of this **Appendix II** for further details.

(2) Comparative figures for FY21 have not been restated as the necessary information for the implementation of SFRS(I) 17 – Insurance Contracts was only collected from 1 January 2022 onwards and accordingly, the restated information for FY21 is not available.

8.2 Statements of Assets and Liabilities

A summary of the audited consolidated balance sheet of the GEH Group as at 31 December 2023 is set out below. The audited consolidated balance sheet of the GEH Group as at 31 December 2023 should be read in conjunction with the audited consolidated financial statements of the GEH Group for FY23, and the accompanying notes as set out in the Annual Report for FY23.

(SGD 'm)	Audited FY23
Share Capital	152.7
Reserves	
Other reserves	(721.4)
Retained earnings	8,454.2
SHAREHOLDERS' EQUITY	7,885.5
NON-CONTROLLING INTERESTS	103.5
TOTAL EQUITY	7,989.0
LIABILITIES	
Other creditors	1,912.5
Income tax payable	164.6
Derivative financial liabilities	179.7
Provision for agents' retirement benefits	297.6
Deferred tax liabilities	268.7
Reinsurance contract liabilities	220.1
Insurance contract liabilities	98,001.6
TOTAL EQUITY AND LIABILITIES	109,033.8
ASSETS	
Cash and cash equivalents	6,302.9
Other debtors	1,111.5
Loans	511.0
Derivative financial assets	963.9
Investments	96,535.6
Deferred tax assets	16.6
Reinsurance contract assets	868.7
Insurance contract assets	39.6
Investment in associate	95.1
Intangible assets	212.5
Investment properties	1,880.7
Property, plant and equipment	495.7
TOTAL ASSETS	109,033.8

8.3 Significant Accounting Policies

The Company prepares its financial statements in accordance with SFRS(I) as required by the Companies Act. The significant accounting policies of the GEH Group are disclosed in Note 2 to the audited consolidated financial statements of the GEH Group for FY23 as extracted from the Annual Report for FY23 and set out in **Appendix IV** to this Circular.

Save as disclosed in this Circular and in any information on the GEH Group which is publicly available (including, without limitation, the 1Q24 Financial Summary and any announcements released by the Company on SGXNET at www.sgx.com), there are no significant accounting policies or any points from the notes of the financial statements of the GEH Group which are of major relevance for the interpretation of the financial statements of the GEH Group.

8.4 Changes in Accounting Policies

The changes in the significant accounting policies of the GEH Group are disclosed in Note 2.2 to the audited consolidated financial statements of the GEH Group for FY23 as extracted from the Annual Report for FY23 and set out in **Appendix IV** to this Circular.

As at the Latest Practicable Date, save as disclosed in this Circular and as disclosed in any information on the GEH Group which is publicly available (including, without limitation, the 1Q24 Financial Summary and the announcements released by the Company on SGXNET at www.sgx.com), there is no change in the accounting policy of the GEH Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

8.5 Material Change in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and in any information on the GEH Group which is publicly available (including, without limitation, the 1Q24 Financial Summary and the announcements released by the Company on SGXNET at www.sgx.com), there has not been, within the knowledge of the Company, any material change in the financial position or prospects of the Company since 31 December 2023, being the date of the last audited consolidated financial statements of the Company laid before the Shareholders in general meeting.

9. GENERAL

9.1 Costs and Expenses

All costs and expenses incurred by the Company in relation to the Offer will be borne by the Company.

9.2 Consent of IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name as the IFA to the Independent Directors in respect of the Offer and the IFA Letter set out in **Appendix I** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of the Company at 1 Pickering Street, #16-01 Great Eastern Centre, Singapore 048659 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Constitution;

(b) the Annual Reports for FY23, FY22 and FY21;

(c) the 1Q24 Financial Summary;

(d) the IFA Letter; and

(e) the letter of consent referred to in paragraph 9.2 of **Appendix II** to this Circular.

APPENDIX III

EXTRACTS FROM THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution of the Company and reproduced below. All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the registered address of the Company at 1 Pickering Street, #16-01 Great Eastern Centre, Singapore 048659.

1. RIGHTS IN RESPECT OF CAPITAL

PRESCRIBED LIMITS

6. (A) Subject to Article 6(B), no person shall, whether alone or together with his associates (as defined in the Banking Act), hold or control shares in the Company in excess of any of the Prescribed Limits without first obtaining the approval of the Minister. *Prescribed Limits*

(B) Notwithstanding any other provisions of this Constitution, such person or persons approved by the Minister shall be entitled to hold or control such number of shares in the Company which reaches or exceeds any of the Prescribed Limits, subject to such terms and conditions as may be imposed by the Minister. Any person or persons who have an interest in shares in the Company which reaches or exceeds any of the Prescribed Limits shall provide the Company evidence of such approvals as the Directors may reasonably require. *Approval from Minister*

ISSUE OF SHARES

7. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. *Shares of a class other than ordinary shares*

(B) The Company may issue shares for which no consideration is payable to the Company. *Issue of shares for no consideration*

8. Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 12, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:- *Issue of shares*

(a) except with the prior approval of the Minister or except as permitted by Article 6(B), no shares shall be issued to a person if, in the opinion of the Directors, such issue would result in a person or, as the case may be, in a person together with his associates, having an interest, directly or indirectly, in the shares in the Company for the time being which reaches or exceeds any of the Prescribed Limits;

(b) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 12(A) with such adaptations as are necessary

shall apply; and

(c) *any other issue of shares, the aggregate of which would exceed the limits referred to in Article 12(B), shall be subject to the approval of the Company in General Meeting.*

Preference shares

9. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrear for more than six months (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed).

Issue of further preference capital

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

Variation of rights

10. (A) Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months (or such period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Issue of further shares ranking pari passu

(B) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

TREASURY SHARES

Treasury shares

11. The Company shall not exercise any right in respect of treasury shares other than as provided by the Companies Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Companies Act.

ALTERATION OF SHARE CAPITAL

Offer of new

12. (A) Subject to any direction to the contrary that may be given by the Company in General

Meeting or except as permitted under the listing rules of any Stock Exchange upon which shares in the Company may be listed, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 12(A). *shares to members*

(B) Notwithstanding Article 12(A) but subject to the Statutes, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:- *General authority*

(a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:-

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and this Constitution; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. *New shares subject to the Statutes and this Constitution*

13. (A) The Company may by Ordinary Resolution:- *Power to* *(a) consolidate and divide all or any of its shares;* *consolidate, sub-divide and redenominate shares*

(b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.

(B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares. *Power to convert shares*

14. (A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law and to any regulatory consent. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly. *Power to reduce capital*

(B) The Company may, subject to and in accordance with the Companies Act, and subject to any regulatory consent and consent required by law, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Companies Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Companies Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Companies Act. *Power to repurchase shares*

SHARES

15. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share. *Absolute owner of shares*

16. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed. *Rights and privileges of new shares*

17. Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. *Power of Directors to issue shares*

18. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. *Power to pay commission and brokerage*

19. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by any Stock Exchange upon which shares in the Company may be listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose. *Allotment of shares*

SHARE CERTIFICATES

20. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No certificate shall be issued representing shares of more than one class. *Share certificates*

21. (A) The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member. *Joint holders*

(B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all. *Issue of certificate to joint holders*

22. Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by any Stock Exchange upon which shares in the Company may be listed) of the closing date of any application for shares or, as the case may be, after the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed. *Entitlement to certificate*

23. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge. *Consolidation of share certificates*

(B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu *Sub-division of share certificates*

two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed.

(C) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders. *Requests by joint holders*

24. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Stock Exchange upon which shares in the Company may be listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. *Replacement share certificates*

CALLS ON SHARES

25. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments. *Calls on shares*

26. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine. *Notice of calls*

27. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part. *Interest on unpaid calls*

28. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *When calls made and payable*

29. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. *Power of Directors to differentiate*

30. The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits. *Payment of calls in advance*

FORFEITURE AND LIEN

31. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. *Notice requiring payment of calls*

32. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited. *Notice to state place and time of payment*

33. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. *Forfeiture on non-compliance with notice*

34. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid. *Sale of forfeited shares*

35. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part. *Rights and liabilities of members whose shares have been forfeited*

36. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article. *Company to have paramount lien*

37. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. *Sale of shares subject to lien*

38. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser. *Application of sale proceeds*

39. A statutory declaration in writing that the declarant is a Director or the Secretary of the *Title to forfeited*

Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

or surrendered shares

TRANSFER OF SHARES

Form and execution of transfer

40. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which shares in the Company may be listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Closure of transfer books and Register of Members

41. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than 30 days (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which shares in the Company may be listed, stating the period and purpose or purposes for which the closure is made.

Directors' power to decline to register a transfer

42. There shall be no restriction on the transfer of fully paid-up shares (except where required by law, the listing rules of any Stock Exchange upon which shares in the Company may be listed or the rules and/or bye-laws governing any Stock Exchange upon which shares in the Company may be listed) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

When Directors may refuse to register a transfer

43. The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:-

(a) such fee not exceeding S$2 (or such other amount as may from time to time be prescribed by any Stock Exchange upon which shares in the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the

transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Breach of Prescribed Limits

44. (A) The Directors may, if it shall come to their notice that:-

(a) any person or, as the case may be, any person together with his associates (as defined in the Banking Act) hold or control shares of the Company in excess of any of the Prescribed Limits without first obtaining the approval of the Minister; or

(b) any person is in breach of any condition imposed by the Minister in relation to the holding or control of his shares,

take all steps and do all acts or things as they may, in their absolute discretion, deem necessary to ensure that the provisions of the Banking Act are or will be complied with. Without prejudice to the foregoing, the Directors shall take such action as may be directed by the Minister, including but not limited to the following:-

(i) to require such person or persons (as the case may be) to dispose such number of his shares within such period of time as may be specified by the Minister;

(ii) pending the aforesaid disposal, to suspend the voting rights of the shares held by such person or persons (as the case may be); and/or

(iii) to restrict the transfer of the shares held by such person or persons (as the case may be),

on such terms and conditions as the Directors may, in their absolute discretion, deem necessary or appropriate.

(B) For the purpose of effecting any disposal under Article 44(A)(i):-

(a) the Directors may authorise in writing some person to execute or effect on behalf of the relevant person or persons, as the case may be, a transfer or transfers (if required) of such shares to any purchaser or purchasers and may (if required) issue new share certificates to the purchaser or purchasers, notwithstanding the absence of any share certificate in respect of such shares. Upon the sale by the Company of such shares, the share certificates relating thereto (if applicable) may (if required) be cancelled by the Company to the extent of the shares sold and the Company may (if necessary) issue replacement share certificates for the balance (if any) of the shares comprised in such share certificates. The title of the purchaser or purchasers shall not be affected by any irregularity or invalidity in the proceedings relating thereto;

(b) the net proceeds of the disposal of any such shares shall be received by the Company whose receipt shall be a good discharge for the purchase moneys and (subject to any direction by the Minister, if any) shall be paid by the Company (after deduction of any expenses incurred by the Directors in the sale) to the relevant person, as the case may be, (in the case of joint holders, the first of them named in the Register of Members or, as the case may be, the Depository Register) upon surrender (if required) of the certificates for such shares but such proceeds shall under no circumstances carry interest against the Company; and

(c) if, in relation to a disposal to be made pursuant to the provisions hereof, the Directors are entitled to give notice to more than one person pursuant to the provisions of Article 44(A)(i), it shall be for the Directors to decide the persons and (if more than one person, the proportion of) the shares which shall be the subject of such notice, and in making any such decision, the Directors shall apply such criterion or criteria as they shall consider appropriate and their decision shall be final and conclusive.

45. If the Directors refuse to register a transfer of any shares, they shall within ten Market Days (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes. *Notice of refusal to register a transfer*

46. All instruments of transfer which are registered may be retained by the Company. *Retention of transfers*

47. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2 as the Directors may from time to time require or prescribe. *Fees for registration of transfer*

48. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:- *Destruction of transfers*

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

49. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. *Survivor or legal personal representatives of deceased member*

(B) In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was *Survivor or legal personal representatives*

a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. *of deceased Depositor*

(C) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. *Estate of deceased holder*

50. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person. *Transmission of shares*

51. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Article 49(A) or (B) or Article 50 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share. *Rights of person on transmission of shares*

STOCK

52. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares. *Conversion of shares to stock and re-conversion*

53. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine. *Transfer of stock*

54. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. *Rights of stockholders*

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

141. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Article 12(B) (but subject to the Statutes):- *Power to issue free bonus shares and/or to capitalise reserves*

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) *(in the case of an Ordinary Resolution passed pursuant to Article 12(B)) such other date as may be determined by the Directors,*

in proportion to their then holdings of shares; and/or

(b) *capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-*

(i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*

(ii) *(in the case of an Ordinary Resolution passed pursuant to Article 12(B)) such other date as may be determined by the Directors,*

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

Power of Directors to give effect to bonus issues and capitalisations

(B) *The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under Article 141(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration

142. *In addition and without prejudice to the powers provided for by Article 141, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:-*

(a) *be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit; or*

(b) *be held by or for the benefit of non-executive Directors as part of their remuneration under Article 85 and/or Article 86(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

2. RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

55. Save as otherwise permitted under the Companies Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

Annual General Meeting and Extraordinary General Meeting

56. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

Calling Extraordinary General Meeting

NOTICE OF GENERAL MEETINGS

57. Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Companies Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

Notice of General Meeting

(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' (or such other period as may be prescribed by the Statutes and/or any Stock Exchange upon which shares in the Company may be listed) notice of any General Meeting shall be given by advertisement in the daily press and furnished to any Stock Exchange upon which shares in the Company may be listed.

58. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.

Contents of notice for General Meeting

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

Contents of notice for Annual General Meeting

(C) In the case of any General Meeting at which business other than ordinary business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

Notice of General Meeting for special business and Special

59. Ordinary business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:- *Ordinary business*

(a) declaring dividends;

(b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;

(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

(d) appointing or re-appointing the Auditor;

(e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and

(f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under Article 85 and/or Article 86(A).

60. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. *Statement regarding effect of special business*

PROCEEDINGS AT GENERAL MEETINGS

61. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting. *Chairman of General Meeting*

62. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided that (a) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (b) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum; and (b) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum. *Quorum*

63. If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum. *If quorum not present, adjournment or dissolution of meeting*

64. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die, not less than seven days' *Business at adjourned meeting*

notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

65. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. *Notice of adjournment not required*

66. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon. *Amendment of resolutions*

67. (A) If required by the listing rules of any Stock Exchange upon which shares in the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such Stock Exchange). *Mandatory polling*

(B) Subject to Article 67(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:- *Method of voting where mandatory polling not required*

(a) the chairman of the meeting; or

(b) not less than two members present in person or by proxy and entitled to vote at the meeting; or

(c) a member present in person or by proxy and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or

(d) a member present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this Article 67(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

68. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of any Stock Exchange upon which shares in the Company may be listed or if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. *Taking a poll*

69. A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. *Timing for taking a poll*

70. In the case of an equality of votes, whether on a poll or on a show of hands, the chairman *Casting vote of* *of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.* *chairman*

VOTES OF MEMBERS

How members may vote

71. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 11, each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:-

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote, Provided that:-

(i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Voting rights of joint holders

72. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

Voting by receivers

73. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

Entitlement of members to vote

74. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

When objection to admissibility of votes may be made

75. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

Vote on a poll

76. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Appointment of proxies

77. (A) Save as otherwise provided in the Companies Act:-

(a) a member who is not a relevant intermediary may appoint not more than two

proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(B) In any case where a member is a Depositor, the Company shall be entitled and bound:- *Shares entered in Depository Register*

(a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. *Notes and instructions*

(D) A proxy need not be a member of the Company. *Proxy need not be a member*

78. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:- *Execution of proxies*

(a) in the case of an individual, shall be:-

(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a corporation, shall be:-

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of Articles 78(A)(a)(ii) and 78(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 79(A), failing which the instrument may be treated as invalid. *Witness and authority*

(C) The Directors may, in their absolute discretion:- *Directors may approve method and manner, and designate procedure, for electronic communications*

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Articles 78(A)(a)(ii) and 78(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Article 78(A)(a)(i) and/or (as the case may be) Article 78(A)(b)(i) shall apply.

79. (A) An instrument appointing a proxy:- *Deposit of proxies*

(a) if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,

and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this Article 79 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Article 79(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Article 79(A)(a) shall apply. *Directors may specify means for electronic communications*

80. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting. *Rights of proxies*

81. A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as *Intervening death or mental disorder* *the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*

CORPORATIONS ACTING BY REPRESENTATIVES

82. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Companies Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat. *Corporations acting by representatives*

NOTICES

148. (A) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted. *Service of notices*

(B) Without prejudice to the provisions of Article 148(A), but subject otherwise to the Companies Act and any regulations made thereunder and (where applicable) the listing rules of any Stock Exchange upon which shares in the Company may be listed relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Companies Act or under this Constitution by the Company, or by the Directors, to a member may be given, sent or served using electronic communications:- *Electronic communications*

(a) to the current address of that person; or

(b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Companies Act and/or any other applicable regulations or procedures.

(C) For the purposes of Article 148(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document. *Implied consent*

(D) Notwithstanding Article 148(C) above, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document. *Deemed consent*

(E) *Where a notice or document is given, sent or served by electronic communications:-* *When notice given by electronic communications deemed served*

(a) *to the current address of a person pursuant to Article 148(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Companies Act and/or any other applicable regulations or procedures; and*

(b) *by making it available on a website pursuant to Article 148(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or any other applicable regulations or procedures.*

(F) *Where a notice or document is given, sent or served to a member by making it available on a website pursuant to Article 148(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:-* *Notice to be given of service on website*

(a) *by sending such separate notice to the member personally or through the post pursuant to Article 148(A);*

(b) *by sending such separate notice to the member using electronic communications to his current address pursuant to Article 148(B)(a);*

(c) *by way of advertisement in the daily press; and/or*

(d) *by way of announcement on the Stock Exchange upon which shares in the Company may be listed.*

149. *Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.* *Service of notices in respect of joint holders*

150. *A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any member or given, sent or served to any member using electronic communications in pursuance of this Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member in the Register of Members or, where such member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder.* *Service of notices after death, bankruptcy, etc.*

151. *A member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices or other documents from the Company.* *No notice to members with no registered address in Singapore*

3. RIGHTS IN RESPECT OF DIVIDENDS

RESERVES

126. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.* *Reserves*

DIVIDENDS

127. *The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.* *Declaration of dividends*

128. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.* *Interim dividends*

129. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Companies Act:-* *Apportionment of dividends*

(a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

(b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

130. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.* *Dividends payable out of profits*

131. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.* *No interest on dividends*

132. *(A)* *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.* *Retention of dividends on shares subject to lien*

(B) *The Directors may retain the dividends payable upon shares in respect of which any* *Retention of*

person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same. *dividends pending transmission*

133. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company. *Waiver of dividends*

134. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable. *Unclaimed dividends or other moneys*

135. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. *Payment of dividend in specie*

136. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:- *Scrip dividend scheme*

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article 136;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part

of that portion; and

(d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Article 141, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.*

Ranking of shares

(B) The shares of the relevant class allotted pursuant to the provisions of Article 136(A) shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Record date

(C) The Directors may, on any occasion when they resolve as provided in Article 136(A), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Article 136 shall be read and construed subject to such determination.

Eligibility

(D) The Directors may, on any occasion when they resolve as provided in Article 136(A), further determine that no allotment of shares or rights of election for shares under Article 136(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

Disapplication

(E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of Article 136(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Article 136(A).

Fractional entitlements

(F) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of this Article 136(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

137. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Dividends payable by cheque or warrant

138. Notwithstanding the provisions of Article 137 and the provisions of Article 140, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

Payment to Depository good discharge

139. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

Payment of dividends to joint holders

140. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

Resolution declaring dividends

APPENDIX IV

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GEH GROUP FOR FY23

FINANCIAL STATEMENTS

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Directors' Statement

The Directors are pleased to present this statement to the members together with the audited consolidated financial statements of Great Eastern Holdings Limited ("GEH" or the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Mr Soon Tit Koon, Chairman
Dr Chong Yoke Sin (Appointed on 22 January 2024)
Mr Lee Fook Sun
Mr Kyle Lee
Mr Andrew Lee (Appointed on 30 April 2023)
Mr George Lee (Appointed on 1 May 2023)
Dr Lim Kuo Yi (Appointed on 22 January 2024)
Mr Ng Chee Peng
Mr Tam Chee Chong (Appointed on 1 May 2023)
Mrs Teoh Lian Ee
Ms Helen Wong

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

Directors' Statement

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings, the Director who held office at the end of the financial year had an interest in shares in, or debentures of, the Company as at the end of the financial year and as at 21 January 2024, is as follows:

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2023 or date of appointment	**As at 31.12.2023**	As at 1.1.2023 or date of appointment	**As at 31.12.2023**
Ordinary shares in the capital of the Company				
Mrs Teoh Lian Ee	–	**–**	5,000[1]	**5,000**[1]

Note:
[1] Held by spouse.

The interests in shares in, or debentures of, the Company's holding company, Oversea-Chinese Banking Corporation Limited ("OCBC") and its related corporations, of Directors who held office at the end of the financial year, were as follows:

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2023 or date of appointment	**As at 31.12.2023**	As at 1.1.2023 or date of appointment	**As at 31.12.2023**
Ordinary shares in the capital of OCBC				
Mr Soon Tit Koon	472	**472**	–	–
Mr Lee Fook Sun	–	**–**	190,158[1]	**190,158**[1]
Mr Kyle Lee	135,121	**135,121**	–	–
Mr Andrew Lee	425,649	**529,953**	–	–
Mr George Lee	85,143	**85,143**	–	–
Mr Ng Chee Peng	13,109	**13,109**	1,500[2]	**1,500**[2]
Mr Tam Chee Chong	10,133	**10,133**	–	–
Mrs Teoh Lian Ee	24,711	**24,711**	299[2]	**299**[2]
Ms Helen Wong	262,431	**441,608**	434,713[3]	**578,330**[3]

Notes:
[1] Held under Halden Joy Trust.
[2] Held by spouse.
[3] Comprises deemed interest in ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan.

Share options

According to the register of Directors' shareholdings, as at the beginning and as at the end of the financial year, the following Director had interests in share options to subscribe for ordinary shares in the capital of OCBC under the OCBC Share Option Scheme 2001, as follows:

	Options held by Directors		Options in which Directors are deemed to have an interest	
	As at 1.1.2023 or date of appointment	**As at 31.12.2023**	As at 1.1.2023 or date of appointment	**As at 31.12.2023**
Mr Andrew Lee	147,816	**43,512**	–	**–**

Directors' Statement

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

Share options (continued)

Save as disclosed above, the Directors holding office at the end of the financial year did not have any interest in shares in, or debentures of, the Company or any related corporation either at the beginning of the financial year, date of appointment, or at the end of the financial year.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2024.

5. SHARE OPTIONS

The Company does not have any share option scheme in place.

6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises five non-executive Directors. The AC members at the date of this statement are Mr Tam Chee Chong (AC Chairman), Dr Chong Yoke Sin, Mr Kyle Lee, Mr Ng Chee Peng and Mrs Teoh Lian Ee. The AC convened 14 meetings during the financial year under review.

The AC performs the functions specified under Section 201B(5) of the Companies Act 1967, including reviewing with the auditor its audit plan, its evaluation of the system of internal accounting controls and its audit report, reviewing the assistance given by the Company's officers to the auditor, reviewing the scope and results of the internal audit procedures, reviewing the financial statements of the Company and of the Group and the auditor's report thereon prior to their submission to the Company's Board of Directors. Details of the functions performed by the AC, including functions specified in the SGX-ST Listing Manual, Financial Holding Companies Act 2013, Financial Holdings Companies Regulations 2022, Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022, Guidelines on Corporate Governance for Designated Financial Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by the Monetary Authority of Singapore on 9 November 2021 and the Code of Corporate Governance 2018, are set out in the Report on Corporate Governance included in the Company's Annual Report for the financial year ended 31 December 2023.

The AC has nominated PricewaterhouseCoopers LLP for reappointment as auditor at the forthcoming Annual General Meeting of the Company.

7. AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the Board of Directors

Soon Tit Koon Chairman	**Tam Chee Chong** Director

Singapore
23 February 2024

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 1967 ("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 2023 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 2023;
- 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 2023;
- 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 material accounting policy information.

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.

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 judgements; 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.

Independent Auditor's Report

TO THE MEMBERS OF GREAT EASTERN HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

OUR AUDIT APPROACH (continued)

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 2023. The key audit matter below was 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 this matter.

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 2.9 *Insurance and Reinsurance Contracts*, Note 2.26(a) *Critical Accounting Estimates and Judgments on Insurance Business,* Note 13.1 *Insurance and Reinsurance Contracts – Life Insurance* and Note 31 *Insurance Risk*. On 1 January 2023, the Group adopted SFRS(I) 17 'Insurance Contracts'. The standard sets out the requirements that an entity should apply in accounting for insurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participating features it issues. At 31 December 2023, the Group recorded life insurance contract liabilities of S$97,383.3 million. Insurance contract liabilities under SFRS(I) 17 are measured as the total of fulfilment cash flows and contractual service margin ("CSM"), the determination of which requires judgment and interpretation. This includes the selection of accounting policies and the use of complex methodologies which are applied in actuarial models. The selection and application of appropriate methodologies requires significant professional judgment. It also requires the determination of assumptions which involve estimation uncertainty. The CSM represents the unearned profit that the Group will recognise as it provides insurance contract services in the future. The release of CSM of a group of contracts is recognised as insurance revenue in the Profit or Loss Statement based on the number of coverage units provided in the period. Coverage units in turn are determined by the quantity of the benefits provided under a contract and its expected coverage duration. Management applied judgment in the identification of the services provided and the determination of the coverage units.	We performed the following audit procedures to address this matter: • We assessed the adherence of the accounting policies adopted by management with the requirements in SFRS(I) 17; • We understood the process over the selection of accounting policies, determination of methodologies and assumptions, and reconciliation of data used in determining the insurance contract liabilities; • We tested the design and operating effectiveness of controls over the accuracy and completeness of the data used; • We assessed the appropriateness of the methodologies used in the determination of the insurance contract liabilities comprising of fulfilment cash flows and contractual service margin, and their application in actuarial models; • We assessed the reasonableness of the key assumptions used by management by comparing against the Group's historical experiences and market observable data, where applicable; • We assessed the appropriateness of management's identification of the services provided by reviewing the terms and features of the insurance contracts issued on a sample basis; • We assessed the appropriateness of management's determination of the coverage units against the type of service identified; • 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 2022 to 31 December 2023, showing the key drivers of the changes during the year; and • We assessed the appropriateness of the disclosures in the financial statements. Based on the work performed and the evidence obtained, we found the methodologies, assumptions and judgments used by management to be appropriate. Our audit procedures over the disclosures showed that these were in accordance with the relevant SFRS(I) 17 disclosure requirements.

Independent Auditor's Report

TO THE MEMBERS OF GREAT EASTERN HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement, Awards, Corporate Social Responsibility, Group Network, Key Executives, List of Major Properties and Management Team (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 and 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 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.

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 the directors 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.

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.

Independent Auditor's Report

TO THE MEMBERS OF GREAT EASTERN HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

- 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.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 23 February 2024

Consolidated Profit or Loss Statement

For the financial year ended 31 December 2023

in Singapore Dollars (millions)	Note	2023	2022 (restated)
Insurance revenue	4	**6,259.9**	6,024.5
Insurance service expenses	6	**(5,050.5)**	(5,083.7)
Net expenses from reinsurance contracts held		**(634.6)**	(130.8)
Insurance service result		**574.8**	810.0
Interest revenue on			
Financial assets not measured at FVTPL		**718.8**	491.5
Financial assets measured at FVTPL		**1,664.8**	1,654.3
Other investment revenue/(loss)		**3,497.1**	(7,043.5)
Increase in provision for impairment of financial assets		**(13.6)**	(28.7)
Change in third-party interests in consolidated investment funds		**(1.2)**	0.2
Net investment income/(loss)	5	**5,865.9**	(4,926.2)
Finance (expenses)/income from insurance contracts issued	5	**(5,253.8)**	5,028.4
Finance income from reinsurance contracts held	5	**14.6**	16.8
Net insurance financial result		**(5,239.2)**	5,045.2
Net insurance and investment result		**1,201.5**	929.0
Fees and other income		**19.0**	36.1
Other expenses	6	**(150.0)**	(155.1)
Other income and expenses		**(131.0)**	(119.0)
Profit before income tax		**1,070.5**	810.0
Income tax expense	7	**(281.3)**	(197.3)
Profit after income tax		**789.2**	612.7
Attributable to:			
Shareholders		**774.6**	610.0
Non-controlling interests		**14.6**	2.7
		789.2	612.7
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	8	**$1.64**	$1.29

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

in Singapore Dollars (millions)	Note	2023	2022 (restated)
Profit after income tax for the year		**789.2**	612.7
Other comprehensive income/(loss):			
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		**(0.8)**	(1.0)
Revaluation gain/(loss) on equity instruments at fair value through other comprehensive income		**68.4**	(257.1)
Income tax related to the above		**(11.6)**	44.1
Items that may be reclassified subsequently to the Profit or Loss Statement:			
Exchange differences arising on translation of overseas entities		**(70.5)**	(57.0)
Debt instruments at fair value through other comprehensive income:			
Changes in fair value		**352.0**	(1,267.3)
Changes in allowance for expected credit losses		**1.2**	(1.9)
Reclassification of realised loss on disposal of investments to the Profit or Loss Statement		**50.6**	94.8
Net insurance financial result:			
Finance income from insurance contracts issued	5	**64.7**	416.3
Finance expenses from reinsurance contracts held	5	**(19.4)**	(38.5)
Income tax related to the above		**(74.6)**	131.0
Other comprehensive income/(loss) for the year, after tax		**360.0**	(936.6)
Total comprehensive income/(loss) for the year		**1,149.2**	(323.9)
Total comprehensive income/(loss) attributable to:			
Shareholders		**1,135.4**	(325.6)
Non-controlling interests		**13.8**	1.7
		1,149.2	(323.9)

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

Balance Sheets

As at 31 December 2023

in Singapore Dollars (millions)	Note	Group			Company	
		31 Dec 2023	31 Dec 2022 (restated)	1 Jan 2022 (restated)	**31 Dec 2023**	31 Dec 2022
Share capital	9	**152.7**	152.7	152.7	**152.7**	152.7
Reserves						
Other reserves	10	**(721.4)**	(1,084.7)	(129.9)	**419.2**	419.2
Retained earnings		**8,454.2**	8,108.1	7,786.5	**2,851.7**	2,962.5
SHAREHOLDERS' EQUITY		**7,885.5**	7,176.1	7,809.3	**3,423.6**	3,534.4
NON-CONTROLLING INTERESTS		**103.5**	99.2	106.8	**–**	–
TOTAL EQUITY		**7,989.0**	7,275.3	7,916.1	**3,423.6**	3,534.4
LIABILITIES						
Other creditors	11	**1,912.5**	1,360.7	1,097.7	**9.3**	8.5
Income tax payable		**164.6**	238.5	328.6	**–**	–
Derivative financial liabilities	17	**179.7**	292.0	111.4	**–**	–
Provision for agents' retirement benefits	12	**297.6**	295.8	291.3	**–**	–
Deferred tax liabilities	7	**268.7**	105.8	354.5	**–**	–
Reinsurance contract liabilities	13	**220.1**	481.6	383.3	**–**	–
Insurance contract liabilities	13	**98,001.6**	94,805.8	97,175.2	**–**	–
TOTAL EQUITY AND LIABILITIES		**109,033.8**	104,855.5	107,658.1	**3,432.9**	3,542.9
ASSETS						
Cash and cash equivalents		**6,302.9**	9,607.9	9,117.7	**25.7**	20.4
Other debtors	14	**1,111.5**	821.1	857.3	**–**	–
Asset held for sale	25	**–**	72.6	–	**–**	–
Amount due from subsidiaries	15	**–**	–	–	**2,380.1**	2,480.9
Loans	16	**511.0**	480.5	592.2	**–**	–
Derivative financial assets	17	**963.9**	761.7	369.9	**–**	–
Investments	18	**96,535.6**	88,760.4	92,462.4	**–**	–
Deferred tax assets	7	**16.6**	53.3	6.2	**–**	–
Reinsurance contract assets	13	**868.7**	1,208.7	1,310.0	**–**	–
Insurance contract assets	13	**39.6**	372.6	221.3	**–**	–
Investment in associate	20	**95.1**	122.5	95.2	**–**	–
Investment in subsidiaries	21	**–**	–	–	**1,027.1**	1,041.6
Intangible assets	23	**212.5**	203.6	195.0	**–**	–
Investment properties	24	**1,880.7**	1,881.2	1,883.9	**–**	–
Property, plant and equipment	26	**495.7**	509.4	547.0	**–**	–
TOTAL ASSETS		**109,033.8**	104,855.5	107,658.1	**3,432.9**	3,542.9

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

Statement of Changes in Equity – Group

For the financial year ended 31 December 2023

		Attributable to shareholders of the Company							
			Other reserves						
in Singapore Dollars (millions)	Note	Share Capital	Currency Translation Reserve	Fair Value Reserve	Insurance Finance Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2023 (restated)		152.7	(74.1)	(922.1)	(88.5)	8,108.1	7,176.1	99.2	7,275.3
Profit for the year		–	–	–	–	774.6	774.6	14.6	789.2
Other comprehensive (loss)/ income for the year		–	(70.5)	394.5	36.8	–	360.8	(0.8)	360.0
Total comprehensive (loss)/ income for the year		–	(70.5)	394.5	36.8	774.6	1,135.4	13.8	1,149.2
Reclassification of net change in fair value of equity instruments upon derecognition	18	–	–	2.5	–	(2.5)	–	–	–
Distributions to shareholders									
Dividends paid during the year:									
Final one-tier tax exempt dividend for the previous year	33	–	–	–	–	(260.3)	(260.3)	–	(260.3)
Interim one-tier tax exempt dividend	33	–	–	–	–	(165.7)	(165.7)	–	(165.7)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(9.5)	(9.5)
Total distributions to shareholders		–	–	–	–	(426.0)	(426.0)	(9.5)	(435.5)
Total transactions with shareholders in their capacity as shareholders		–	–	–	–	(426.0)	(426.0)	(9.5)	(435.5)
Balance at 31 December 2023		152.7	(144.6)	(525.1)	(51.7)	8,454.2	7,885.5	103.5	7,989.0

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

Statement of Changes in Equity – Group

For the financial year ended 31 December 2023

		Attributable to shareholders of the Company							
			Other reserves						
in Singapore Dollars (millions)	Note	Share Capital	Currency Translation Reserve	Fair Value Reserve	Insurance Finance Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at 1 January 2022, as previously reported		152.7	(17.1)	281.7	–	9,612.3	10,029.6	106.8	10,136.4
Adoption of SFRS(I) 17		–	–	–	(398.0)	(1,822.3)	(2,220.3)	–	(2,220.3)
Redesignation and classification overlay for financial assets		–	–	3.5	–	(3.5)	–	–	–
Balance at 1 January 2022 (restated)		152.7	(17.1)	285.2	(398.0)	7,786.5	7,809.3	106.8	7,916.1
Profit for the year		–	–	–	–	610.0	610.0	2.7	612.7
Other comprehensive (loss)/ income for the year		–	(57.0)	(1,188.1)	309.5	–	(935.6)	(1.0)	(936.6)
Total comprehensive (loss)/ income for the year		–	(57.0)	(1,188.1)	309.5	610.0	(325.6)	1.7	(323.9)
Reclassification of net change in fair value of equity instruments upon derecognition	18	–	–	(19.2)	–	19.2	–	–	–
Distributions to shareholders									
Dividends paid during the year:									
Final one-tier tax exempt dividend for the previous year	33	–	–	–	–	(260.3)	(260.3)	–	(260.3)
Interim one-tier tax exempt dividend	33	–	–	–	–	(47.3)	(47.3)	–	(47.3)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(9.3)	(9.3)
Total distributions to shareholders		–	–	–	–	(307.6)	(307.6)	(9.3)	(316.9)
Total transactions with shareholders in their capacity as shareholders		–	–	–	–	(307.6)	(307.6)	(9.3)	(316.9)
Balance at 31 December 2022		152.7	(74.1)	(922.1)	(88.5)	8,108.1	7,176.1	99.2	7,275.3

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

Statement of Changes in Equity – Company

For the financial year ended 31 December 2023

in Singapore Dollars (millions)	Note	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 January 2023		**152.7**	**419.2**	**2,962.5**	**3,534.4**
Profit for the year		**–**	**–**	**315.2**	**315.2**
Total comprehensive income for the year		**–**	**–**	**315.2**	**315.2**
Distributions to shareholders					
Dividends paid during the year:					
Final one-tier tax exempt dividend for the previous year	33	**–**	**–**	**(260.3)**	**(260.3)**
Interim one-tier tax exempt dividend	33	**–**	**–**	**(165.7)**	**(165.7)**
Total distributions to shareholders		**–**	**–**	**(426.0)**	**(426.0)**
Total transactions with shareholders in their capacity as shareholders		**–**	**–**	**(426.0)**	**(426.0)**
Balance at 31 December 2023		**152.7**	**419.2**	**2,851.7**	**3,423.6**
Balance at 1 January 2022		152.7	419.2	3,121.7	3,693.6
Profit for the year		–	–	148.4	148.4
Total comprehensive income for the year		–	–	148.4	148.4
Distributions to shareholders					
Dividends paid during the year:					
Final one-tier tax exempt dividend for the previous year	33	–	–	(260.3)	(260.3)
Interim one-tier tax exempt dividend	33	–	–	(47.3)	(47.3)
Total distributions to shareholders		–	–	(307.6)	(307.6)
Total transactions with shareholders in their capacity as shareholders		–	–	(307.6)	(307.6)
Balance at 31 December 2022		152.7	419.2	2,962.5	3,534.4

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

in Singapore Dollars (millions)	Note	2023	2022 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**1,070.5**	810.0
Adjustments for non-cash items:			
(Gain)/loss on sale of investments and changes in fair value		**(2,949.5)**	7,621.8
Increase in provision for impairment of assets	5	**13.6**	28.7
Increase in provision for agents' retirement benefits	6	**44.0**	38.3
Gain on sale of investment property	5	**(20.0)**	–
Depreciation and amortisation expenses	6	**87.8**	88.0
Unrealised loss on exchange differences	5	**77.2**	98.8
Dividend income	5	**(618.0)**	(716.8)
Interest income	5	**(2,383.6)**	(2,145.8)
Interest expense on lease liabilities	6	**1.6**	1.9
Share-based payments	6	**8.0**	8.2
		(4,668.4)	5,833.1
Changes in working capital:			
Other debtors		**(288.9)**	(33.9)
Other creditors		**403.3**	(154.0)
Insurance and reinsurance contract assets/liabilities		**3,797.7**	(1,343.4)
Cash (used in)/generated from operations		**(756.3)**	4,301.8
Income tax paid		**(241.4)**	(412.5)
Interest paid on lease liabilities		**(1.6)**	(1.9)
Agents' retirement benefits paid	12	**(23.5)**	(16.2)
Net cash flows (used in)/generated from operating activities		**(1,022.8)**	3,871.2

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

in Singapore Dollars (millions)	Note	2023	2022 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities and sale of investments		**45,124.5**	37,062.9
Purchase of investments		**(49,894.6)**	(42,882.2)
Proceeds from sale of property, plant and equipment		**0.2**	0.5
Proceeds from sale of investment property		**92.6**	–
Purchase of property, plant and equipment and investment properties	24, 26	**(36.1)**	(14.9)
Acquisition of intangible assets	23	**(57.6)**	(56.0)
Interest income received		**2,318.1**	2,120.5
Dividends received		**619.5**	719.0
Net cash flows used in investing activities		**(1,833.4)**	(3,050.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	33	**(426.0)**	(307.6)
Dividends paid to non-controlling interests		**(9.5)**	(9.3)
Principal element of lease payments		**(13.3)**	(13.9)
Net cash flows used in financing activities		**(448.8)**	(330.8)
Net (decrease)/increase in cash and cash equivalents		**(3,305.0)**	490.2
Cash and cash equivalents at the beginning of the year		**9,607.9**	9,117.7
Cash and cash equivalents at the end of the year		**6,302.9**	9,607.9
Cash and cash equivalents comprise:			
Cash and bank balances		**1,815.9**	3,026.1
Cash on deposit		**2,579.6**	2,683.2
Short term instruments		**1,907.4**	3,898.6
		6,302.9	9,607.9

Included in the cash and cash equivalents are bank deposits amounting to $3.2 million (31 December 2022: $9.4 million) which are lodged with the regulator as statutory deposits, which are not available for use by the Group.

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

Notes to the Financial Statements

1 GENERAL

Great Eastern Holdings Limited (the "Company" or "GEH") is a limited liability company which is incorporated and domiciled in the Republic of Singapore. The notes refer to the Company and the Group unless otherwise stated. The registered office and principal place of business of the Company is located at 1 Pickering Street, #16-01, Great Eastern Centre, Singapore 048659.

The principal activity of the Company is that of an investment holding company. The principal activities of the significant subsidiaries within the Group are stated in Note 3. There have been no significant changes in the nature of these activities during the financial year.

The Company's immediate and ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC"), which prepares financial statements for public use.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations as issued by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest $0.1 million except as otherwise stated.

2.2 Changes in Accounting Policies

2.2.1 New Standards and Amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual financial periods beginning on or after 1 January 2023.

SFRS(I)	Title	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 1-12	Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules	1 January 2023

The adoption of the new standards did not have any material impact on the financial performance or position of the Group and the Company except for SFRS(I) 17. SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to SFRS(I) 17. The nature and effects of the changes in the Group accounting policies are summarised below.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 New Standards and Amendments (continued)

2.2.1.1 Changes to Classification and Measurement

The adoption of SFRS(I) 17 did not change the classification of the Group's insurance contracts.

SFRS(I) 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of SFRS(I) 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts (or portfolios of contracts with similar risks and managed together) into groups based on the expected contract profitability;
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM);
- Recognises profit from a group of insurance contracts over the period the Group provides insurance coverage, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately. An onerous contract group's expected loss is not offset against the expected gains of other contract groups.

The Group's classification and measurement of insurance and reinsurance contracts are explained in Note 2.9.

2.2.1.2 Changes to Presentation and Disclosure

For presentation in the balance sheet, the Group aggregates portfolios of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

The descriptions of the line items in the Consolidated Profit or Loss Statement have been changed significantly compared with the previous year. Previously the Group reported the following line items: gross premiums, gross claims, maturities, surrenders and annuities and change in insurance contract liabilities. SFRS(I) 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expense;
- Insurance finance income or expense; and
- Income or expenses from reinsurance contracts held.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 New Standards and Amendments (continued)

2.2.1.2 Changes to Presentation and Disclosure (continued)

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts and reinsurance contracts; and
- Significant judgment, and changes in those judgment made when applying the standard.

2.2.1.3 Transition

The Group has restated the comparative information based on the transition approaches taken on adoption of SFRS(I) 17.

Changes in accounting policies resulting from the adoption of SFRS(I) 17 were applied using the fully retrospective approach to the extent practicable and the modified retrospective approach or fair value approach as explained below. The fully retrospective approach was applied to insurance contracts that were originated less than one year prior to the effective date.

Where it was not possible to obtain all required historical data without undue cost and effort, the modified retrospective approach or fair value approach was applied. The modified retrospective approach was applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The fair value approach was applied to the remaining insurance contracts in force at transition date.

On transition date, at 1 January 2022, the Group:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if SFRS(I) 17 had always been applied (unless impracticable – refer to Notes 2.2.1.3.1 and 2.2.1.3.2);
- Derecognised previously reported balances that would not have existed if SFRS(I) 17 had always been applied;
- Elected the option introduced by SFRS(I) 17 to redesignate certain financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities and applied the classifications retrospectively (refer to Note 2.2.1.3.3); and
- Recognised any resulting net difference in equity.

The Group has applied the transitional provisions in SFRS(I) 17 and has not disclosed the impact of the adoption of SFRS(I) 17 on each financial statement line item and earnings per share ("EPS"). The effects of adopting SFRS(I) 17 on the consolidated financial statements at 1 January 2022 are presented in the statement of changes in equity.

2.2.1.3.1 Modified Retrospective Approach

The modified retrospective approach was applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date.

The Group has used the following procedures to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at the transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date;

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 New Standards and Amendments (continued)

2.2.1.3 Transition (continued)

2.2.1.3.1 Modified Retrospective Approach (continued)

The Group has used the following procedures to determine the CSM at initial recognition for these contracts (continued):

- Estimated historical discount rates applied to cash flows in the period prior to 2012 using an observable market interest curve for that period, adjusted by the spread between observable market yield curves and the yield curve used to determine current discount rates for the years between 1 January 2012 and 1 January 2022; and
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at the transition date by the expected release of risk in the periods before the transition date. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group has issued subsequent to the transition date.

The CSM at the transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete interest on the CSM; and
- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

2.2.1.3.2 Fair Value Approach

The Group applied the fair value approach to the remaining insurance contracts. Under the fair value approach, the Group determined the CSM of the liability for remaining coverage ("LRC") at the date of transition, as the difference between the fair value of a group of insurance contracts, measured in accordance with SFRS(I) 13 Fair Value Measurement, and its fulfilment cash flows ("FCF") at that date.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts;
- Determine whether any contracts are direct participating insurance contracts; and
- Identify any discretionary cash flows for insurance contracts without direct participation features.

The discount rate for the group of contracts incepted after 2012 applying the fair value approach was determined based on the inception year discount rate. Whereas, the discount rate for the group of contracts incepted before 2012 applying the fair value approach was determined on transition date.

The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The Group used the income approach to determine the fair value amount used for establishing the insurance contract liabilities at the transition date.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 New Standards and Amendments (continued)

2.2.1.3 Transition (continued)

2.2.1.3.3 Impact on Transition

The effects from applying SFRS(I) 17 resulted in a reduction of total equity of $2,220.3 million, net of tax, as at 1 January 2022. The net transition impact to equity consisted of the following effects.

Measurement adjustments	Description of impact	
	Contracts not measured under Premium Allocation Approach ("PAA")[1]	Contracts measured under PAA
CSM	A CSM liability is recognised for the unearned profit for insurance contracts.	Not applicable.
Contract Measurement	Other components of insurance contracts are also remeasured: • Risk adjustment: The Group recognises a separate risk adjustment for non-financial risk which is lower than the risk margin under SFRS(I) 4 as a result of recalibration of the measurement techniques to conform with the SFRS(I) 17 requirements. • Discount rates: The Group now uses current discount rates to measure future cash flows as required by SFRS(I) 17. • Deferred acquisition costs: Under SFRS(I) 17, the Group now recognises eligible insurance acquisition cash flows, when incurred in the carrying amount of related groups of insurance contracts and amortises in a systematic way on the basis of the passage of time over the expected coverage of related groups of insurance contracts. • Other changes: Include those related to the application of SFRS(I) 17 and provision for future taxes.	Other components of insurance contracts are remeasured: • Risk adjustment: The risk adjustment is now measured at the 85th percentile under SFRS(I) 17 as compared to the provision for adverse deviation used under SFRS(I) 4 which was measured at the 75th percentile. • Discounting future cash flows: Under SFRS(I) 17, the Group discounts the future cash flows when measuring liabilities for incurred claims. This was not done for non-life contracts previously. • Deferred acquisition costs: Under SFRS(I) 17, the Group now recognises eligible insurance acquisition cash flows when incurred, in the carrying amount of related groups of insurance contracts and amortises based on the passage of time.
Insurance Finance Reserve	Under SFRS(I) 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses in profit or loss. The Group has elected the option to include these changes for certain portfolios measured under General Measurement Model ("GMM") under insurance finance reserve in other comprehensive income.	Not applicable.

[1] The PAA is an optional simplified measurement model in SFRS(I) 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for non-life insurance contracts, because each of these contracts have a coverage period of one year or less, or meets the eligibility criteria.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.1 New Standards and Amendments (continued)

2.2.1.3 Transition (continued)

2.2.1.3.3 Impact on Transition (continued)

Besides the impact to equity upon transition, there are also other changes in the balance sheet mainly resulting from insurance related receivables and payables now included within fulfilment cash flows instead of being presented separately.

Redesignation of Financial Assets and Classification Overlay

SFRS(I) 17 allows entities that had applied SFRS(I) 9 to annual periods before the initial application of SFRS(I) 17, to redesignate their financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities. A transition option was elected to apply a classification overlay for the financial assets as if the classification and measurement requirements of SFRS(I) 9 had been applied to that financial asset during the comparative period. At the transition date, $2,094.0 million of debt instruments which were previously designated at fair value through profit or loss were reclassified to fair value through other comprehensive income, recognising an expected credit loss, net of tax of $9.9 million. The redesignation of financial assets resulted in a reclassification of $3.5 million from the opening retained earnings to fair value reserve.

2.2.2 SFRS(I) not yet effective

The Group and the Company have not applied the following SFRS(I) that have been issued but which are not yet effective:

SFRS(I)	Title	Effective date (Annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangement	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors expect that the adoption of the new standards above will not have any material impact on the financial statements in the year of initial application.

2.3 Basis of Consolidation and Business Combinations

2.3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Company's significant subsidiaries is shown in Note 3.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Basis of Consolidation and Business Combinations (continued)

2.3.1 Basis of Consolidation (continued)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.18. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.4 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, if any.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.5 Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

For the purpose of disclosure, the Group would be considered to sponsor a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

2.6 Associates

Associates are entities over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate. If the investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure that investment at fair value through profit or loss in accordance with SFRS(I) 9. The Group will make this election separately for each associate, at initial recognition of the associate.

On acquisition of the investment, an excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and the respective carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained investment at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the Consolidated Profit or Loss Statement, Consolidated Statement of Comprehensive Income and within equity in the Consolidated Balance Sheet, separately from Shareholders' Equity. An exception to this occurs when non-controlling interests arise through minority unit holders' interest in consolidated investment funds, when they are recognised as a liability, reflecting the net assets of the consolidated entity. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the Consolidated Profit or Loss Statement as expenses.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

2.8 Foreign Currency Conversion and Translation

2.8.1 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional and presentation currency.

2.8.2 Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Profit or Loss Statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation. Exchange differences on non-monetary items such as equity investments classified as fair value through other comprehensive income and available-for-sale financial assets are included in the fair value reserve in equity.

2.8.3 Consolidated Financial Statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period. The Profit or Loss Statement is translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising from the translation are recognised in the Statement of Comprehensive Income as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that particular foreign operation is recognised in the Profit or Loss Statement as gain or loss on disposal of the operation.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in Profit or Loss Statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the Profit or Loss Statement.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts

2.9.1 Definition and Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts, and they follow financial instruments accounting under SFRS(I) 9. The Group does not have any contracts that fall under this category.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Insurance contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which the Group promises an investment return based on underlying items; they are contracts for which, at inception:
- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these group of contracts under the Variable Fee Approach ("VFA"). The VFA modifies the accounting model in SFRS(I) 17 to reflect that the consideration that the Group receives for the contracts is a variable fee.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA model (see Note 2.9.7). The PAA is an optional simplified measurement model in SFRS(I) 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for non-life insurance contracts, because each of these contracts have a coverage period of one year or less, or the PAA provides a measurement which is not materially different from that under the GMM.

2.9.2 Separating Components from Insurance and Reinsurance Contracts

The Group assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another SFRS(I) rather than SFRS(I) 17 (distinct non insurance components). After separating any distinct components, the Group applies SFRS(I) 17 to all remaining components of the (host) insurance contract. Currently, the Group's contracts do not include distinct components that require separation.

Some life contracts issued by the Group include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in SFRS(I) 17. SFRS(I) 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. The surrender options are considered non-distinct investment components as the Group is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.2 Separating Components from Insurance and Reinsurance Contracts (continued)

For premium refund or experience refund components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

2.9.3 Level of Aggregation

2.9.3.1 Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into quarterly cohorts (by quarter of issuance) for life insurance or into annual cohorts (by year of issuance) for non-life insurance, into three groups based on the expected profitability of the contracts:
(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) remaining group of contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

Level of aggregation is also affected by law or regulation which specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Group broadly groups its insurance contracts by how the contracts are managed, product type, currency, measurement model and insurance risks. For life insurance contracts, sets of contracts usually correspond to pricing risk groups that the Group determines to have similar insurance risk and that are priced together by assessing the profitability of a best estimate pool of contracts on the same basis. The Group determines the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming more onerous at the level of these pricing groups, with no information available at a more granular level. This level of granularity determines sets of contracts.

For non-life insurance contracts, sets of contracts usually correspond to the risk class or product type.

Non-life insurance contracts are measured under the PAA model (see Note 2.9.7). An assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at the product type level.

2.9.3.2 Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts into quarterly cohorts (by quarter of issuance) for life reinsurance treaties or into annual cohorts (by year of issuance) for non-life reinsurance contracts into groups of:
(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.4 Recognition

A group of insurance contracts issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the contract boundary (see Note 2.9.5));
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

The Group recognises a group of reinsurance contracts held from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

2.9.5 Contract Boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within an insurance contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Fulfilment cash flows outside the insurance contract boundary are not recognised. Such amounts relate to future insurance contracts.

For life insurance contracts with renewal periods, the Group assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Group by considering all the risks covered for the policyholder by the Group, that the Group would consider when underwriting equivalent contracts on the renewal dates for the remaining service. Therefore, the cash flows related to renewals of insurance contracts will not be included in the contract boundary.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Group reassesses contract boundary of each group at the end of each reporting period.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.6 Measurement

2.9.6.1 Measurement – contracts not measured under the PAA

On initial recognition, the Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM (see Note 2.9.6.3). The fulfilment cash flows of a group of insurance contracts do not incorporate the Group's non-performance risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 2.26.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section in Note 2.9.6.4 below).

2.9.6.2 Fulfilment Cash Flows ("FCF")

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

(a) are based on a probability-weighted mean of the full range of possible outcomes;

(b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and

(c) reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation. Refer to Note 2.26(a).

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.6 Measurement (continued)

2.9.6.3 Contractual Service Margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:
(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the derecognition of any insurance acquisition cash flows asset; and
(d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:
(a) the initial recognition of the FCF;
(b) cash flows arising from the contracts in the group at that date;
(c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
(d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

2.9.6.4 Subsequent Measurement – contracts not measured under the PAA

Subsequently, the carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the liability for incurred claims (“LIC”). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

- The FCF of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in FCF are recognised as follows:

Changes relating to future service	Adjusted against CSM (or recognised in the insurance service result in profit or loss if the group is onerous).
Changes relating to current or past services	Recognised in the insurance service result in profit or loss.
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in profit or loss, except for certain portfolios measured using the GMM where the Other Comprehensive Income (“OCI”) option is applied.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.6 Measurement (continued)

2.9.6.4 Subsequent Measurement – contracts not measured under the PAA (continued)

- The CSM is adjusted subsequently only for changes in FCF that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future services.

The Group reports its financial results on a quarterly basis. The Group has elected to treat every quarter as a discrete interim reporting period, and estimates made by the Group in previous interim financial results are not changed when applying SFRS(I) 17 in subsequent interim periods or in the annual financial statements.

Onerous contracts – Loss component
When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:
(a) expected incurred claims and other directly attributable expenses for the period;
(b) changes in the risk adjustment for non-financial risk for the risk expired; and
(c) finance income (expenses) from insurance contracts issued.

The amounts of the loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

2.9.6.5 Reinsurance Contracts

The Group will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC"). The ARC comprises (a) the FCF that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.6 Measurement (continued)

2.9.6.5 Reinsurance Contracts (continued)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance income or expenses as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

2.9.6.6 Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

The Group assesses at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

(a) recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

(b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions no longer exist or have improved.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.7 Measurement – contracts measured under the PAA

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The LRC is discounted to reflect the time value of money and the effect of financial risk.

The Group estimates the LIC as the fulfilment cash flows related to incurred claims. The FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of LIC, unless when they are expected to be paid within one year or less from the date of which the claims are incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid net of commission, plus broker fees paid to a party other than the reinsurer.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC and the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the ARC and the AIC, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
(a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
(d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
(e) increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
(a) increased for ceding premiums, net of commission, paid in the period;
(b) increased for broker fees paid in the period;
(c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
(d) increased for net reinsurance finance income recognised during the period.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.8 Derecognition and Contract Modification

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   (i) is not within the scope of SFRS(I) 17;
   (ii) results in different separable components;
   (iii) results in a different contract boundary; or
   (iv) belongs to a different group of contracts;

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of SFRS(I) 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility and component separation requirements (see Note 2.9.2) and contract aggregation requirements (see Note 2.9.3).

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

(a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

(b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
   (i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
   (ii) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
   (iii) if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

(c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Insurance and Reinsurance Contracts (continued)

2.9.8 Derecognition and Contract Modification (continued)

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

2.10 Recognition of Income and Expense

2.10.1 Insurance Service Result From Insurance Contracts Issued

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - (a) expected claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - amounts allocated to the loss component;
    - repayments of investment components and policyholder rights to withdraw an amount;
    - amounts of transaction-based taxes collected in a fiduciary capacity;
    - insurance acquisition expenses; and
    - amounts related to the risk adjustment for non-financial risk (see (b));
  - (b) changes in the risk adjustment for non-financial risk, excluding:
    - changes included in insurance finance income (expenses);
    - changes that relate to future coverage (which adjust the CSM); and
    - amounts allocated to the loss component;
  - (c) amounts of the CSM recognised for the services provided in the period;
  - (d) experience adjustments – arising from premiums received in the period other than those that relate to future service; and
  - (e) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows in a systematic way on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognises revenue based on the passage of time over the coverage period of a group of contracts.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.1 Insurance Service Result From Insurance Contracts Issued (continued)

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims and benefits, excluding investment components reduced by loss component allocations;

(b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;

(c) insurance acquisition cash flows amortisation;

(d) changes that relate to past service – changes in the FCF relating to the LIC;

(e) changes that relate to future service – changes in the FCF that results in onerous contract losses or reversals of those losses; and

(f) insurance acquisition cash flows assets impairment.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses based on the passage of time.

Other expenses not meeting the above categories are included in other expenses in the consolidated statement of profit or loss.

2.10.2 Insurance Service Result from Reinsurance Contracts Held

Net income (expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

(a) reinsurance expenses;

(b) for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;

(c) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;

(d) other incurred directly attributable expenses;

(e) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and

(f) amounts relating to accounting for onerous groups of underlying insurance contracts issued:

 i. income on initial recognition of onerous underlying contracts;

 ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and

 iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

(a) claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:

 – amounts allocated to the loss-recovery component;

 – repayments of investment components; and

 – amounts related to the risk adjustment for non-financial risk (see (b));

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.2 Insurance Service Result from Reinsurance Contracts Held (continued)

Net income (expenses) from reinsurance contracts held (continued)

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage (continued):

(b) changes in the risk adjustment for non-financial risk, excluding:
- changes included in finance income (expenses) from reinsurance contracts held;
- changes that relate to future coverage (which adjust the CSM); and
- amounts allocated to the loss-recovery component;

(c) amounts of the CSM recognised for the services received in the period; and

(d) experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

2.10.3 Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) the effect of the time value of money and changes in the time value of money; and

(b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF and the CSM;

(b) the effect of changes in interest rates and other financial assumptions; and

(c) foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF; and

(b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses for life insurance. For non-life insurance, the entire change in the risk adjustment for non-financial risk is included in insurance service results.

For conventional life and non-life insurance contracts, the Group includes all insurance finance income or expenses for the period in profit or loss, except for certain portfolios measured using the GMM where the Other Comprehensive Income ("OCI") option is applied. This is expected to reduce accounting mismatches in profit or loss, considering that many of the supporting financial assets will be debt investments measured at fair value through other comprehensive income ("FVOCI").

The Group systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Group reclassifies the insurance finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.4 Other Investment Revenue

2.10.4.1 Interest Revenue

Interest revenue is recognised using the effective interest method.

2.10.4.2 Dividend Income

Dividend income is recognised as investment income when the Group's right to receive the payment is established. Dividend income from the Company's subsidiaries is recognised when the dividend is declared payable.

2.10.4.3 Rental Income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.10.4.4 Gain/Loss on Sale of Investments

Gains or losses on sale of investments are derived from the difference between net sales proceeds and the purchase or amortised cost. They are recognised on trade date.

2.10.5 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Profit or Loss Statement.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Profit or Loss Statement. Unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10.6 Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

(i) Debt instruments measured at FVOCI and amortised cost;
(ii) Loans and receivables measured at amortised cost; and
(iii) Loan commitments.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.6 Impairment of Financial Assets (continued)

The Group assesses on a forward looking basis the ECL associated with its loans and debt instruments carried at amortised cost and FVOCI and its loan commitments. For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. The Group recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Note 31(h) provides more details on how the expected loss allowance is measured.

Not credit-impaired financial assets
For financial assets that are not credit-impaired at the reporting date, the ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Modified financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected modification will not result in derecognition of the existing asset then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For financial assets that are credit-impaired at the reporting date, the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.7 Fees and Other Income

Fees and other income comprise mainly management and advisory fee income. Management and advisory fee income includes income earned from the provision of administration services, investment management services, surrenders and other contract fees. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those periods.

2.10.8 Employee Benefits

Defined Contribution Plans under Statutory Regulations
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions respectively to the Central Provident Fund and Employees' Provident Fund, which are defined contribution pension schemes. These contributions are recognised as an expense in the period in which the service is rendered.

Employee Leave Entitlements
An employee's entitlement to annual leave and long-service leave is estimated and accrued according to the Group's Human Resource policy.

Share Options
Senior executives of the Group are granted share options in the OCBC's Share Option Scheme as consideration for services rendered. Options granted are exercisable for up to 10 years. The options may be exercised after the first anniversary of the date of the grant, and generally vest in one-third increments over a 3-year period. The cost of these options are recognised as expense in the Profit or Loss Statement based on the fair value of the options at the date of the grant. The share options are cash-settled share-based payment transactions. The expense is recognised over the vesting period of the grant, with a corresponding increase in liabilities.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the Profit or Loss Statement upon cancellation.

Deferred Share Plan
In addition to the OCBC's Share Option Scheme, certain employees within the Group are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). The deferred share awards are granted as part of variable performance bonus. Half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the Profit or Loss Statement on the straight-line basis over the vesting period of the DSP.

At each balance sheet date, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Recognition of Income and Expense (continued)

2.10.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

As Lessee
The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Group presents its right-of-use assets in 'property, plant and equipment' and lease liabilities in 'other creditors' in the balance sheet.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As Lessor
The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'rental income'.

2.11 Taxes

2.11.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Taxes (continued)

2.11.2 Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Exceptions include:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the year when the asset is realised or the liability is settled, based on tax rates (and applicable tax laws and jurisdictions) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Taxes (continued)

2.11.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments, or are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 Financial Assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial asset. The Group determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the Profit or Loss Statement.

Classification
On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity security that is not held for trading may, by irrevocable election, be designated as measured at FVOCI. This election is made on an investment-by-investment basis. The Group has designated certain equity securities held for strategic purposes as measured at FVOCI.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Financial Assets (continued)

Classification (continued)

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group has designated certain debt securities which are held with the intent to hold to collect contractual cash flows and sell as measured at FVTPL.

All other financial assets are classified as measured at FVTPL.

Business model assessment

The Group assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If the cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Financial Assets (continued)

Subsequent measurement

2.14.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost
Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Interest revenue, foreign exchange gains and losses and impairment are recognised in the profit or loss. Gains or losses are also recognised in profit or loss when the assets are derecognised.

(ii) Fair value through other comprehensive income (FVOCI)
Debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss when the financial asset is derecognised.

(iii) Fair value through profit or loss (FVTPL)
Debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in profit or loss.

2.14.2 Equity Instruments

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of equity instruments at FVTPL are recognised in profit or loss.

2.14.3 Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The Group has not adopted hedge accounting.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Financial Assets (continued)

2.14.3 Derivatives and Hedging Activities (continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred such that substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Profit or Loss Statement.

On derecognition of equity securities measured at FVOCI, any cumulative gain/loss recognised in OCI is not recognised in Profit or Loss Statement, but retained in OCI.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.15 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual obligations of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

The Group's financial liabilities include other creditors, provision for agents' retirement benefits and derivative financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

2.15.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Profit or Loss Statement.

2.15.2 Financial Liabilities at Amortised Cost

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Financial Liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit or Loss Statement.

2.16 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.17 Determination of Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published bid prices on the balance sheet date. If quoted prices are not available over the counter, broker or dealer price quotations are used.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual, and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

2.18 Intangible Assets

2.18.1 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Profit or Loss Statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.18 Intangible Assets (continued)

2.18.1 Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

2.18.2 Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

No amortisation is provided on capital works in progress as the assets are not yet available for use. Amortisation of an asset begins when it is available for use and calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Computer software and software development costs	3 to 10 years
Distribution platform	6.5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss Statement.

2.19 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and is not depreciated. No depreciation is provided for 999-year leasehold land. No depreciation is provided on capital works in progress as the assets are not yet available for use.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Property, Plant and Equipment (continued)

Depreciation of an asset begins when it is available for use and is calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Buildings	50 years
Office furniture, fittings and equipment	5 to 10 years
Renovation	3 to 5 years
Computer equipment and software development costs	3 to 10 years
Motor vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. This is to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the Profit or Loss Statement in the year the asset is derecognised.

2.20 Investment Properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Profit or Loss Statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirement or disposal of an investment property are recognised in the Profit or Loss Statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.19 up to the date of change in use.

2.21 Provision for Agents' Retirement Benefits

Provision for agents' retirement benefits is set aside for agents and is calculated in accordance with the terms and conditions in the respective agent's agreement ("the Agreement"). The terms and conditions of the Agreement stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the agent shall be allocated a deferred benefit/retirement benefit. The deferred benefit/retirement benefit accumulated at Balance Sheet date includes accrued interest. The accrued deferred benefit shall only become payable provided the Agreement has been in force for certain continuous contract years and the agent has attained the minimum retirement age stipulated in the Agreement. The carrying amount is based on amortised cost.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the Company's financial statements, loans to subsidiaries are interest-free and stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest revenue in the Profit or Loss Statement over the expected repayment period.

2.23 Segment Reporting

2.23.1 Business Segment

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for the different markets. The Group's principal operations are organised into Life Insurance, Non-life Insurance and Shareholders segments. The results of these segments are reported separately in internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

(a) Life Insurance Segment
The Life Insurance segment provides different types of products, comprising life insurance, long-term health and accident insurance, annuity business written and includes the unit-linked business. All revenues in the Life Insurance segment are from external customers.

(b) Non-Life Insurance Segment
Under the Non-Life Insurance business, the Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contract and/or business interruption contract; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident non-life insurance contracts.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.23 Segment Reporting (continued)

2.23.1 Business Segment (continued)

(c) Shareholders Segment

The Shareholders segment provides fund management services for absolute return/balanced mandates with different risk-return characteristics and manages a range of products, including Asia Pacific equities, Asian and global fixed income securities portfolios. Clients include Singapore statutory boards, government-linked corporations, public and private companies, insurance companies and charity organisations.

The Shareholders segment also comprises activities not related to the core business segments, and includes general corporate income and expense items.

2.23.2 Geographical segment

The Group's risks and rewards are affected by operating conditions in different countries and geographical areas. Therefore, for management purposes, the Group is also organised on a geographical basis into Singapore, Malaysia and Other Asia, based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the respective location of its customers.

2.23.3 Segment Accounting Policies, Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, interest-bearing loans and related expenses. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

2.24 Share Capital and Share Issuance Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.26 Critical Accounting Estimates and Judgments

In the preparation of the Group's financial statements, management makes estimates, assumptions and judgment that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Estimates, assumptions and judgment are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Insurance business

The Group makes estimates, assumptions and judgment in its estimates of FCF, discount rates used, risk adjustments for non-financial risk, and CSM. For the sensitivities with regard to the assumptions made that have the most significant impact on measurement under SFRS(I) 17, refer to Note 31.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the observable market yields of government securities in the currency of the insurance contract liabilities.

The Group adopts a bottom-up approach in which discount rates are based on the relevant currency's risk-free yield curves and an adjustment for illiquidity premium.

(a) For the Singapore segment, for deriving risk-free yield curves and Ultimate Forward Rate ("UFR"), references are made in particular to the Monetary Authority of Singapore Risk Based Capital Framework ("MAS RBC 2") which is also aligned with the approach taken by the International Associations of Insurance Supervisors ("IAIS") on the design of the global insurance capital standards ("ICS").

For the Malaysia segment, for deriving risk-free yield curves and UFR, references are made to the approach taken by the IAIS on the design of the global ICS, with rates for the first 15 years being referenced to the Bank Negara Malaysia Risk Based Capital Framework ("BNM RBC").

(b) For illiquidity premium, illiquidity buckets ("illiquidity application ratio") are assigned using an objective scoring system that is based on illiquidity characteristics of products on each portfolio. Market observable illiquidity premium levels are derived every quarter-end based on a credit-risk adjusted market spread of reference assets for each currency.

The adjustment of illiquidity premium in (b) is added as a layer in addition to the risk-free yield curves in (a) based on the illiquidity application ratio of each portfolio.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

	2023				
Currency	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
SGD	**3.55% – 4.44%**	**2.63% – 3.80%**	**2.67% – 3.45%**	**2.73% – 3.57%**	**2.71% – 3.60%**
USD	**4.70% – 5.25%**	**3.79% – 4.58%**	**3.84% – 4.97%**	**4.10% – 5.22%**	**4.22% – 5.30%**
MYR	**3.30% – 3.61%**	**3.65% – 4.08%**	**3.74% – 4.05%**	**4.05% – 4.80%**	**4.22% – 4.97%**

	2022				
Currency	1 year	5 years	10 years	15 years	20 years
SGD	3.75% – 4.68%	2.82% – 3.75%	3.06% – 3.99%	2.86% – 3.79%	2.46% – 3.39%
USD	4.64% – 5.60%	3.94% – 4.90%	3.82% – 4.78%	4.04% – 5.00%	4.15% – 5.11%
MYR	3.25% – 3.40%	3.88% – 4.16%	4.09% – 4.36%	4.36% – 4.80%	4.53% – 4.93%

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.26 Critical Accounting Estimates and Judgments (continued)

(a) Insurance business (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates. The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The confidence level technique is used to derive the overall risk adjustment for non-financial risk. The risk adjustment is the excess of the value at risk at the target confidence level over the expected present value of the future cash flows. The target confidence level will be at 85th percentile.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect cash flows. Cash flows within a contract boundary are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

The Group derives the mortality and morbidity assumptions from the recent experience where credible. Reference to industry tables, reinsurance rates, or pricing basis is made where historical experience is not credible. Mortality and morbidity rates are generally differentiated between policyholder groups, based on gender and smoker status.

Lapses and surrender are derived based on the Group's own experience where credible. Where historical experience is not credible or not available, experience for similar product type is used as reference to derive the assumptions. Lapse and surrender assumptions generally vary by product type as well as policy years.

Notes to the Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.26 Critical Accounting Estimates and Judgments (continued)

(a) Insurance business (continued)

Coverage units

In determination of the coverage units, the type of service is identified based on the terms and features of the insurance contracts. Management then applied judgment in determining the appropriate coverage unit against the type of service identified.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering the quantity of the benefits provided by each contract in the group and its expected coverage duration. The coverage units are assessed at each reporting period-end prospectively by considering:

(a) the quantity of benefits provided by contracts in the group;
(b) the expected coverage period of contracts in the group; and
(c) the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for quantifying benefits with respect to insurance coverage.

(b) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

(c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 31(h).

(d) Property classification

Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased separately under a finance lease), the Group would account for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes to the Financial Statements

3 SUBSIDIARIES AND ASSOCIATES

				Effective interest held by GEH	
		Country of Incorporation	Principal Activities	2023 %	2022 %
(i)	**SIGNIFICANT SUBSIDIARIES**				
	Held by the Company				
	The Great Eastern Life Assurance Company Limited[3.1]	Singapore	Life assurance	**100.0**	100.0
	Great Eastern General Insurance Limited [3.1]	Singapore	Composite insurance	**100.0**	100.0
	Lion Global Investors Limited[3.1]	Singapore	Asset management	**70.0**	70.0
	The Great Eastern Trust Private Limited[3.1]	Singapore	Investment holding	**100.0**	100.0
	Held through subsidiaries				
	Great Eastern Life Assurance (Malaysia) Berhad[3.2]	Malaysia	Life assurance	**100.0**	100.0
	Great Eastern General Insurance (Malaysia) Berhad[3.2]	Malaysia	General insurance	**100.0**	100.0
	P.T. Great Eastern Life Indonesia[3.2]	Indonesia	Life assurance	**99.5**	99.5
	P.T. Great Eastern General Insurance Indonesia[3.2]	Indonesia	General insurance	**95.0**	95.0
	Straits Eastern Square Private Limited[3.1]	Singapore	Property investment	**100.0**	100.0
	218 Orchard Private Limited[3.1]	Singapore	Property investment	**100.0**	100.0
	Great Eastern Takaful Bhd[3.2]	Malaysia	Family Takaful business	**70.0**	70.0
	AmInstitutional Income Bond Fund[3.3]	Malaysia	Wholesale fixed income fund	**83.3**	79.0
	Affin Hwang Wholesale Income Fund[3.2]	Malaysia	Wholesale fixed income fund	**100.0**	100.0
	Affin Hwang Wholesale Equity Fund 2[3.2]	Malaysia	Wholesale equity fund	**99.8**	99.8
(ii)	**SIGNIFICANT ASSOCIATES**				
	Held through subsidiaries				
	Boost Holdings Sdn Bhd[3.2]	Malaysia	Digital Financial Services	**21.9**	21.9

(3.1) Audited by PricewaterhouseCoopers ("PwC") LLP, Singapore.
(3.2) Audited by firms within the worldwide network of PricewaterhouseCoopers firms and entities.
(3.3) Audited by Ernst & Young PLT, Malaysia.

Notes to the Financial Statements

4 INSURANCE REVENUE

in Singapore Dollars (millions)	Note	Group					
		2023			2022 (restated)		
		Life	Non-Life	Total	Life	Non-Life	Total
Contracts not measured under the PAA							
Amounts relating to the changes in the liability for remaining coverage:							
– Expected incurred claims and other insurance service expenses		**4,181.4**	**–**	**4,181.4**	4,053.5	–	4,053.5
– Change in the risk adjustment for non-financial risk for the risk expired		**426.2**	**–**	**426.2**	433.4	–	433.4
– CSM recognised in profit or loss for the services provided		**772.9**	**–**	**772.9**	857.8	–	857.8
Insurance acquisition cash flows recovery		**455.5**	**–**	**455.5**	281.1	–	281.1
Insurance revenue from contracts not measured under the PAA	13	**5,836.0**	**–**	**5,836.0**	5,625.8	–	5,625.8
Insurance revenue from contracts measured under the PAA	13	**–**	**423.9**	**423.9**	–	398.7	398.7
Total insurance revenue		**5,836.0**	**423.9**	**6,259.9**	5,625.8	398.7	6,024.5

5 NET INVESTMENT AND INSURANCE FINANCIAL RESULT

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the year:

in Singapore Dollars (millions)	Note	Group							
		2023				2022 (restated)			
		Life	Non-Life	Shareholders	Total	Life	Non-Life	Shareholders	Total
Investment income/(loss)									
Interest revenue	5.1	**2,237.2**	**17.1**	**129.3**	**2,383.6**	2,034.0	14.4	97.4	2,145.8
Other investment revenue/(loss)	5.2	**3,440.6**	**1.6**	**54.9**	**3,497.1**	(6,941.1)	0.5	(102.9)	(7,043.5)
(Increase)/decrease in provision for impairment of financial assets		**(12.8)**	**(0.7)**	**(0.1)**	**(13.6)**	(25.2)	0.3	(3.8)	(28.7)
Change in third-party interests in consolidated investment funds		**–**	**–**	**(1.2)**	**(1.2)**	–	–	0.2	0.2
Amounts recognised in OCI		**402.9**	**8.4**	**60.9**	**472.2**	(1,181.8)	(18.7)	(231.0)	(1,431.5)
Total investment income/(loss)		**6,067.9**	**26.4**	**243.8**	**6,338.1**	(6,114.1)	(3.5)	(240.1)	(6,357.7)

Notes to the Financial Statements

5 NET INVESTMENT AND INSURANCE FINANCIAL RESULT (continued)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the year (continued):

in Singapore Dollars (millions)	Note	Group 2023 Life	Non-Life	Shareholders	Total	2022 (restated) Life	Non-Life	Shareholders	Total
Finance (expenses)/ income from insurance contracts issued									
Changes in value of underlying assets of contracts measured under the VFA		**(4,491.5)**	**–**	**–**	**(4,491.5)**	5,101.9	–	–	5,101.9
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates		**209.6**	**–**	**–**	**209.6**	257.5	–	–	257.5
Interest accreted		**(671.4)**	**(14.5)**	**–**	**(685.9)**	(362.4)	(2.8)	–	(365.2)
Effect of changes in interest rates and other financial assumptions		**(281.3)**	**(7.9)**	**–**	**(289.2)**	424.5	(3.3)	–	421.2
Gain on exchange differences		**67.9**	**–**	**–**	**67.9**	29.3	–	–	29.3
Total finance (expenses)/ income from insurance contracts issued	13	**(5,166.7)**	**(22.4)**	**–**	**(5,189.1)**	5,450.8	(6.1)	–	5,444.7
Represented by:									
Amounts recognised in profit or loss		**(5,231.4)**	**(22.4)**	**–**	**(5,253.8)**	5,034.5	(6.1)	–	5,028.4
Amounts recognised in OCI		**64.7**	**–**	**–**	**64.7**	416.3	–	–	416.3
		(5,166.7)	**(22.4)**	**–**	**(5,189.1)**	5,450.8	(6.1)	–	5,444.7
Finance (expenses)/income from reinsurance contracts held									
Interest accreted to reinsurance contracts using locked-in rate		**7.7**	**7.8**	**–**	**15.5**	7.9	1.5	–	9.4
Effect of changes in interest rates and other financial assumptions		**(20.6)**	**5.7**	**–**	**(14.9)**	(35.3)	2.5	–	(32.8)
Changes in non-performance risk of reinsurer		**–**	**(4.5)**	**–**	**(4.5)**	–	0.1	–	0.1
(Loss)/gain on exchange differences		**(0.9)**	**–**	**–**	**(0.9)**	1.6	–	–	1.6
Total finance (expenses)/ income from reinsurance contracts held	13	**(13.8)**	**9.0**	**–**	**(4.8)**	(25.8)	4.1	–	(21.7)
Represented by:									
Amounts recognised in profit or loss		**5.6**	**9.0**	**–**	**14.6**	12.7	4.1	–	16.8
Amounts recognised in OCI		**(19.4)**	**–**	**–**	**(19.4)**	(38.5)	–	–	(38.5)
		(13.8)	**9.0**	**–**	**(4.8)**	(25.8)	4.1	–	(21.7)
Total net investment and insurance financial result		**887.4**	**13.0**	**243.8**	**1,144.2**	(689.1)	(5.5)	(240.1)	(934.7)
Represented by:									
Amounts recognised in profit or loss		**439.2**	**4.6**	**182.9**	**626.7**	114.9	13.2	(9.1)	119.0
Amounts recognised in OCI		**448.2**	**8.4**	**60.9**	**517.5**	(804.0)	(18.7)	(231.0)	(1,053.7)
		887.4	**13.0**	**243.8**	**1,144.2**	(689.1)	(5.5)	(240.1)	(934.7)

Notes to the Financial Statements

5 NET INVESTMENT AND INSURANCE FINANCIAL RESULT (continued)

in Singapore Dollars (millions)	Note	Group							
		2023				2022 (restated)			
		Life	Non-Life	Shareholders	Total	Life	Non-Life	Shareholders	Total
5.1 Interest revenue									
Financial assets not measured at FVTPL									
Financial assets measured at FVOCI		**355.8**	**11.4**	**86.8**	**454.0**	245.0	10.0	65.1	320.1
Financial assets measured at AC		**248.8**	**3.7**	**12.3**	**264.8**	162.7	2.0	6.7	171.4
Total interest revenue calculated using the effective interest rate		**604.6**	**15.1**	**99.1**	**718.8**	407.7	12.0	71.8	491.5
Financial assets measured at FVTPL		**1,632.6**	**2.0**	**30.2**	**1,664.8**	1,626.3	2.4	25.6	1,654.3
Total interest revenue		**2,237.2**	**17.1**	**129.3**	**2,383.6**	2,034.0	14.4	97.4	2,145.8
5.2 Other investment revenue/(loss)									
Underlying assets for contracts with direct participation features									
Dividend income from financial assets measured at FVTPL		**507.6**	**–**	**–**	**507.6**	596.2	–	–	596.2
Changes in fair value of investments									
– Mandatorily measured at FVTPL		**1,718.6**	**–**	**–**	**1,718.6**	(3,873.5)	–	–	(3,873.5)
– Designated as at FVTPL		**951.4**	**–**	**–**	**951.4**	(3,351.8)	–	–	(3,351.8)
Changes in fair value of investment properties	24	**6.2**	**–**	**–**	**6.2**	84.0	–	–	84.0
Realised gain on sale of investment properties		**17.6**	**–**	**–**	**17.6**	–	–	–	–
Rental income		**39.4**	**–**	**–**	**39.4**	38.9	–	–	38.9
Loss on exchange differences		**(6.9)**	**–**	**–**	**(6.9)**	(4.1)	–	–	(4.1)
		3,233.9	**–**	**–**	**3,233.9**	(6,510.3)	–	–	(6,510.3)

Notes to the Financial Statements

5 NET INVESTMENT AND INSURANCE FINANCIAL RESULT (continued)

in Singapore Dollars (millions)	Note	Group 2023 Life	Non-Life	Shareholders	Total	2022 (restated) Life	Non-Life	Shareholders	Total
5.2 Other investment revenue/(loss) (continued)									
Other investments									
Dividend income									
– Financial assets measured at FVOCI		**39.4**	**0.4**	**23.8**	**63.6**	50.1	–	26.2	76.3
– Financial assets measured at FVTPL		**32.9**	**–**	**13.9**	**46.8**	31.0	–	13.3	44.3
Changes in fair value of investments									
– Mandatorily measured at FVTPL		**106.1**	**1.3**	**70.8**	**178.2**	(89.1)	2.6	(93.6)	(180.1)
– Designated as at FVTPL		**92.0**	**–**	**0.4**	**92.4**	(330.1)	–	(1.6)	(331.7)
– Measured at FVOCI		**354.6**	**8.4**	**57.4**	**420.4**	(1,238.2)	(19.2)	(267.0)	(1,524.4)
Net gain/(loss) on sale of debt securities measured at FVOCI		**0.4**	**(0.1)**	**(0.3)**	**–**	0.1	(0.1)	(0.4)	(0.4)
Changes in fair value of investment properties	24	**10.1**	**–**	**–**	**10.1**	7.3	–	–	7.3
Changes in allowance for expected credit losses		**1.0**	**–**	**0.2**	**1.2**	(0.8)	(0.4)	(0.7)	(1.9)
Changes in fair value of associates		**–**	**–**	**(27.4)**	**(27.4)**	–	–	24.4	24.4
Realised gain on sale of investment properties		**2.4**	**–**	**–**	**2.4**	–	–	–	–
Rental income		**18.0**	**–**	**–**	**18.0**	16.2	–	–	16.2
(Loss)/gain on exchange differences		**(47.3)**	**–**	**(23.0)**	**(70.3)**	(59.1)	(1.1)	(34.5)	(94.7)
		609.6	**10.0**	**115.8**	**735.4**	(1,612.6)	(18.2)	(333.9)	(1,964.7)
Total other investment revenue/(loss)		**3,843.5**	**10.0**	**115.8**	**3,969.3**	(8,122.9)	(18.2)	(333.9)	(8,475.0)
Represented by:									
Amounts recognised in profit or loss		**3,440.6**	**1.6**	**54.9**	**3,497.1**	(6,941.1)	0.5	(102.9)	(7,043.5)
Amounts recognised in OCI		**402.9**	**8.4**	**60.9**	**472.2**	(1,181.8)	(18.7)	(231.0)	(1,431.5)
		3,843.5	**10.0**	**115.8**	**3,969.3**	(8,122.9)	(18.2)	(333.9)	(8,475.0)

During the year ended 31 December 2023, $6.9million (31 December 2022: $27.6 million) of the dividend income relates to equity investments measured at FVOCI which were derecognised during the year.

Notes to the Financial Statements

5 NET INVESTMENT AND INSURANCE FINANCIAL RESULT (continued)

5.3 Investment return in OCI related to insurance and reinsurance contracts measured under the modified retrospective or fair value transition approach

On transition to SFRS(I) 17, for certain groups of insurance and reinsurance contracts measured using the GMM where the OCI option is applied, the Group determined the cumulative insurance finance income and expenses recognised in OCI at 1 January 2022 using the modified retrospective approach or the fair value approach. The movement in the fair value reserve for the debt investments at FVOCI related to those groups of contracts was as follows.

	Group	
in Singapore Dollars (millions)	2023	2022 (restated)
Balance at 1 January	**(387.9)**	6.5
Net gains/(losses) on investments in debt securities measured at FVOCI	**114.6**	(462.7)
Changes in allowance for expected credit losses	**2.1**	3.5
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss	**25.2**	28.8
Income tax relating to these items	**13.2**	36.0
Balance at 31 December	**(232.8)**	(387.9)

6 EXPENSES

		Group	
in Singapore Dollars (millions)	Note	2023	2022 (restated)

An analysis of the expenses incurred by the Group in the reporting year is included below:

Claims and benefits		**3,232.7**	3,532.5
Commissions and distribution expenses		**1,360.7**	1,449.8
Fees paid to auditors		**7.5**	5.1
Audit fees paid to Auditor of the Company		**4.8**	3.9
Audit fees paid to other auditors		**1.7**	0.8
Non-audit fees paid to Auditor of the Company		**1.0**	0.4
Staff costs and related expenses		**499.6**	398.9
Salaries, wages, bonuses and other costs net of government grant		**443.4**	353.7
Central Provident Fund/Employee Provident Fund		**48.2**	37.0
Share-based payments		**8.0**	8.2
Depreciation and amortisation expenses		**87.8**	88.0
Depreciation	26	**43.6**	45.3
Amortisation	23	**44.2**	42.7
Interest expense on lease liability	26	**1.6**	1.9
Losses on onerous contracts		**127.2**	324.9
Investment related expenses		**125.7**	143.4
Agents' retirement benefits	12	**44.0**	38.3
Others		**691.0**	462.2
Total		**6,177.8**	6,445.0
Amounts attributed to insurance acquisition cash flows incurred during the year		**(1,591.7)**	(1,641.7)
Amortisation of insurance acquisition cash flows		**614.4**	435.5
		5,200.5	5,238.8
Represented by:			
Insurance service expenses	13	**5,050.5**	5,083.7
Other expenses		**150.0**	155.1
		5,200.5	5,238.8

Notes to the Financial Statements

7 INCOME TAX

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022 are:

	in Singapore Dollars (millions)	Group 2023	Group 2022 (restated)
(a)	**Income tax attributable to policyholders' returns:**		
	Current income tax:		
	– Current income taxation	**127.9**	109.4
	– Over provision in respect of previous years	**(8.2)**	(20.7)
		119.7	88.7
	Deferred income tax:		
	– Origination and reversal of temporary differences	**11.5**	(8.9)
		11.5	(8.9)
		131.2	79.8
(b)	**Income tax attributable to shareholders' profits**		
	Current income tax:		
	– Current income taxation	**86.8**	261.9
	– Over provision in respect of previous years	**(0.6)**	(49.3)
		86.2	212.6
	Deferred income tax:		
	– Origination and reversal of temporary differences	**63.9**	(95.1)
		63.9	(95.1)
		150.1	117.5
	Total tax charge for the year recognised in the Profit or Loss Statement	**281.3**	197.3

Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022 (restated)
Profit before tax	**1,070.5**	810.0
Tax at the domestic rates applicable to profits in the countries where the Group operates	**192.9**	153.7
Adjustments:		
Foreign tax paid not recoverable	**5.0**	5.9
Permanent differences	**(11.8)**	15.3
Tax exempt income	**(14.3)**	(15.4)
Over provision in respect of previous years	**(0.6)**	(49.3)
Effect of income tax attributable to policyholders' returns	**131.2**	79.8
Others	**(21.1)**	7.3
Income tax expense recognised in the Profit or Loss Statement	**281.3**	197.3

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Notes to the Financial Statements

7 INCOME TAX (continued)

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group	
in Singapore Dollars (millions)	2023	2022 (restated)
Presented after appropriate offsetting as follows:		
Deferred tax assets	16.6	53.3
Deferred tax liabilities	268.7	105.8
Net deferred tax liabilities	252.1	52.5
Deferred Tax		
The movement in the net deferred tax is as follows:		
Balance at the beginning of the year	52.5	2,579.0
Adoption of SFRS(I) 17	–	(2,230.9)
Balance at the beginning of the year, restated	52.5	348.1
Change in tax basis *	123.3	–
Balance at the beginning of the year	175.8	348.1
Currency translation reserve adjustment	(5.1)	(14.8)
Deferred tax charge taken to the Profit or Loss Statement:		
Other temporary differences	71.2	(99.5)
Fair value changes	4.2	(4.5)
Deferred tax on fair value changes of investments at FVOCI	17.7	(205.1)
Deferred tax on insurance/reinsurance finance reserve	36.4	28.3
Unutilised tax losses carried forward	(48.1)	–
Balance at the end of the year	252.1	52.5
Deferred taxes at 31 December related to the following:		
	Balance Sheet	
Deferred tax liabilities:		
Differences in depreciation for tax purposes	19.4	18.4
Accrued investment income	–	0.6
Net unrealised gains on investments	192.7	21.1
Differences in tax basis for insurance/reinsurance contract liabilities	121.5	38.0
Deferred tax liabilities	333.6	78.1
Deferred tax assets:		
Unutilised tax losses carried forward	75.4	20.2
Net amortisation on fixed income investments	1.8	1.5
Other accruals and provisions	3.8	3.5
Leases	0.5	0.4
Deferred tax assets	81.5	25.6
Net deferred tax liabilities	252.1	52.5

* With effect from 1 January 2023, Singapore insurers will use the insurance returns filed with MAS for regulatory purposes ("MAS Statutory Returns") instead of their financial statements prepared in accordance with the SFRS(I) as the basis for preparing tax computations. With the change in taxation basis effective 1 January 2023, a one-time adjustment of $123.3 million of deferred tax asset was reclassified to current income tax in the Balance Sheet. As The Great Eastern Life Assurance Company Limited and Great Eastern General Insurance Limited were in an overall tax loss position for Year of Assessment 2024, there were nil current tax provision as at 31 December 2023. Instead, $73.1 million of deferred tax was been recognised as at 31 December 2023 on the tax losses which are available to offset against future taxable profits.

Notes to the Financial Statements

7 INCOME TAX (continued)

in Singapore Dollars (millions)	Group 2023	Group 2022 (restated)
	Profit or Loss Statement	
Deferred tax liabilities:		
Differences in depreciation for tax purposes	**1.0**	1.5
Accrued investment income	**(0.6)**	(0.3)
Net unrealised gain on investments	**35.5**	2.8
Differences in tax basis for insurance/reinsurance contract liabilities	**47.2**	(82.1)
Deferred tax assets:		
Unutilised tax losses carried forward	**(7.0)**	(21.5)
Net amortisation on fixed income investments	**(0.3)**	(2.5)
Other accruals and provisions	**(0.3)**	(1.9)
Leases	**(0.1)**	–
Deferred tax expense/(credit)	**75.4**	(104.0)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately $37.2 million (31 December 2022: $28.7 million) expiring in 2024 – 2027 (31 December 2022: 2023 – 2026) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

OECD Pillar Two model rules

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation has not been enacted in Singapore, the jurisdiction in which the Company's immediate and ultimate holding company, OCBC is incorporated. Pillar Two legislation was enacted or substantively enacted in Japan, Luxembourg, Malaysia, South Korea, the United Kingdom, and Vietnam, and will come into effect from 1 January 2024 for Luxembourg, South Korea, the United Kingdom, and Vietnam, fiscal year beginning on or after 1 April 2024 for Japan and 1 January 2025 for Malaysia. Under the legislation, the Group is expected to be subject to top-up tax for the difference between their Global Anti-Base Erosion (GloBE) rules effective tax rate per jurisdiction and the 15% minimum rate.

As the Group is in the process of assessing its exposure to the Pillar Two legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023.

Notes to the Financial Statements

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted and basic earnings per share are the same as there are no dilutive potential ordinary shares.

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

		Group	
		2023	2022 (restated)
Profit attributable to ordinary shareholders for computation of basic and diluted earnings per share	(in millions of Singapore Dollars)	**774.6**	610.0
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	(in millions)	**473.3**	473.3
Basic and diluted earnings per share	(in Singapore Dollars)	**$1.64**	$1.29

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

9 SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	**Amount $'mil**	Number of shares	Amount $'mil
Ordinary shares: Issued and fully paid				
Balance at the beginning and end of the year	**473,319,069**	**152.7**	473,319,069	152.7

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In accordance with the Companies Act 1967, the shares of the Company have no par value.

10 OTHER RESERVES

10.1 Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The currency translation reserve is also used to record the effect of hedging of net investment in foreign operations.

10.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI and the related loss allowance recognised in the Profit or Loss Statement until the assets are derecognised, net of tax.

10.3 Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in OCI.

Notes to the Financial Statements

11 OTHER CREDITORS

in Singapore Dollars (millions)	Group		Company	
	2023	2022 (restated)	2023	2022
Other creditors comprise the following:				
Accrued expenses and other creditors	**727.9**	771.0	**9.3**	8.5
Investment creditors	**1,012.7**	410.7	**–**	–
Amount due to holding company[1]	**3.9**	6.2	**–**	–
Third-party interests in consolidated investment funds[2]	**35.9**	35.3	**–**	–
Lease liabilities	**51.5**	62.6	**–**	–
Premiums in suspense	**77.7**	72.1	**–**	–
Provision for reinstatement costs	**2.9**	2.8	**–**	–
	1,912.5	1,360.7	**9.3**	8.5

(1) Amount due to holding company is non-trade related, unsecured, interest-free, repayable upon demand and is to be settled in cash.
(2) Third-party interests in consolidated investment funds consist of third-party unit holders' interests in consolidated investment funds which are reflected as a liability since they can be put back to the Group for cash.

12 PROVISION FOR AGENTS' RETIREMENT BENEFITS

in Singapore Dollars (millions)	Note	Group 2023	Group 2022
Balance at the beginning of the year		**295.8**	291.3
Currency translation reserve adjustment		**(18.7)**	(17.6)
Increase in provision for the year	6	**44.0**	38.3
Paid during the year		**(23.5)**	(16.2)
Balance at the end of the year		**297.6**	295.8

As at 31 December 2023, $151.6 million (31 December 2022: $139.7 million) of the above provision for agents' retirement benefits is payable within one year.

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

		2023			2022 (restated)		
in Singapore Dollars (millions)	Note	Life	Non-life	Total	Life	Non-life	Total
Insurance contract liabilities	13.1.1, 13.2.1	**97,383.3**	**618.3**	**98,001.6**	94,155.1	650.7	94,805.8
Insurance contract assets	13.1.1, 13.2.1	**(12.4)**	**(27.2)**	**(39.6)**	(354.9)	(17.7)	(372.6)
Total insurance contracts issued		**97,370.9**	**591.1**	**97,962.0**	93,800.2	633.0	94,433.2
Reinsurance contract assets	13.1.2, 13.2.2	**512.4**	**356.3**	**868.7**	811.4	397.3	1,208.7
Reinsurance contract liabilities	13.1.2, 13.2.2	**(165.9)**	**(54.2)**	**(220.1)**	(445.0)	(36.6)	(481.6)
Total reinsurance contracts held		**346.5**	**302.1**	**648.6**	366.4	360.7	727.1

Detailed reconciliations of changes in insurance contract balances during the year are included in Notes 13.1 and 13.2.

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance

13.1.1 Life insurance – insurance contracts issued

13.1.1.1 Reconciliation of the liabilities for remaining coverage and incurred claims

		2023				2022 (restated)			
		Liabilities for remaining coverage				Liabilities for remaining coverage			
in Singapore Dollars (millions)	Note	Excluding loss component	Loss component	Liabilities for Incurred claims	Total	Excluding loss component	Loss component	Liabilities for Incurred claims	Total
Insurance contract liabilities as at 1 January		86,736.6	308.4	7,110.1	94,155.1	89,939.7	–	6,585.3	96,525.0
Insurance contract assets as at 1 January		(370.6)	24.9	(9.2)	(354.9)	(219.2)	9.6	(0.5)	(210.1)
Net insurance contract liabilities/(assets) as at 1 January		86,366.0	333.3	7,100.9	93,800.2	89,720.5	9.6	6,584.8	96,314.9
Insurance revenue									
Contracts under modified retrospective approach		(1,155.1)	–	–	(1,155.1)	(1,228.6)	–	–	(1,228.6)
Contracts under fair value transition approach		(3,094.8)	–	–	(3,094.8)	(3,589.7)	–	–	(3,589.7)
Other contracts		(1,586.1)	–	–	(1,586.1)	(807.5)	–	–	(807.5)
	4	(5,836.0)	–	–	(5,836.0)	(5,625.8)	–	–	(5,625.8)
Insurance service expenses									
Incurred claims and other expenses		–	–	4,103.5	4,103.5	–	–	3,959.8	3,959.8
Amortisation of insurance acquisition cash flows		514.8	–	–	514.8	338.2	–	–	338.2
Losses on onerous contracts and reversals of those losses		–	140.2	–	140.2	–	324.3	–	324.3
Changes to liabilities for incurred claims		–	–	–	–	–	–	73.5	73.5
	6	514.8	140.2	4,103.5	4,758.5	338.2	324.3	4,033.3	4,695.8
Insurance service result		(5,321.2)	140.2	4,103.5	(1,077.5)	(5,287.6)	324.3	4,033.3	(930.0)
Insurance finance expenses/(income)	5	4,938.7	31.5	196.5	5,166.7	(5,626.9)	2.9	173.2	(5,450.8)
Effect of movements in exchange rates		(1,290.7)	(7.1)	(256.8)	(1,554.6)	(1,207.1)	(3.5)	(242.1)	(1,452.7)
Total changes in the statement of profit or loss and OCI		(1,673.2)	164.6	4,043.2	2,534.6	(12,121.6)	323.7	3,964.4	(7,833.5)
Investment components		(9,449.6)	–	9,449.6	–	(7,428.7)	–	7,428.7	–
Cash flows									
Premiums received		16,124.5	–	–	16,124.5	17,821.0	–	–	17,821.0
Claims and other expenses paid		–	–	(13,840.6)	(13,840.6)	–	–	(11,287.5)	(11,287.5)
Insurance acquisition cash flows		(1,477.3)	–	–	(1,477.3)	(1,543.7)	–	–	(1,543.7)
Total cash flows		14,647.2	–	(13,840.6)	806.6	16,277.3	–	(11,287.5)	4,989.8
Other movements		(217.8)	(0.5)	447.8	229.5	(81.5)	–	410.5	329.0
Net insurance contract liabilities/(assets) as at 31 December		89,672.6	497.4	7,200.9	97,370.9	86,366.0	333.3	7,100.9	93,800.2
Insurance contract liabilities as at 31 December	13	89,706.4	466.1	7,210.8	97,383.3	86,736.6	308.4	7,110.1	94,155.1
Insurance contract assets as at 31 December	13	(33.8)	31.3	(9.9)	(12.4)	(370.6)	24.9	(9.2)	(354.9)
Net insurance contract liabilities/(assets) as at 31 December		89,672.6	497.4	7,200.9	97,370.9	86,366.0	333.3	7,100.9	93,800.2

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance (continued)

13.1.1 Life insurance – insurance contracts issued (continued)

13.1.1.2 Reconciliation of the measurement components of insurance contract balances – contracts not measured under the PAA

		2023				2022 (restated)			
in Singapore Dollars (millions)	Note	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total
Insurance contract liabilities as at 1 January		83,362.3	3,925.3	6,867.5	94,155.1	85,061.0	3,580.1	7,883.9	96,525.0
Insurance contract assets as at 1 January		(580.0)	117.7	107.4	(354.9)	(419.3)	104.1	105.1	(210.1)
Net insurance contract liabilities/(assets) as at 1 January		82,782.3	4,043.0	6,974.9	93,800.2	84,641.7	3,684.2	7,989.0	96,314.9
Changes that relate to current services									
CSM recognised for services provided		–	–	(772.9)	(772.9)	–	–	(857.8)	(857.8)
Risk adjustment recognised for the risk expired		–	(514.6)	–	(514.6)	–	(465.8)	–	(465.8)
Experience adjustments		(464.8)	–	–	(464.8)	(279.8)	–	–	(279.8)
Changes that relate to future services									
Contracts initially recognised in the period		(862.8)	659.8	418.3	215.3	(1,049.1)	500.4	708.4	159.7
Changes in estimates that adjust the CSM		(221.3)	(22.6)	243.9	–	244.2	371.2	(615.4)	–
Changes that result in onerous losses or reversal of such losses		203.0	95.4	–	298.4	289.2	42.8	–	332.0
Changes that relate to past services									
Adjustments to liabilities for incurred claims		155.9	5.2	–	161.1	168.6	13.1	–	181.7
Insurance service result		(1,190.0)	223.2	(110.7)	(1,077.5)	(626.9)	461.7	(764.8)	(930.0)
Insurance finance expenses/(income)	5	4,768.3	189.7	208.7	5,166.7	(5,452.5)	49.0	(47.3)	(5,450.8)
Effect of movements in exchange rates		(1,186.4)	(175.5)	(192.7)	(1,554.6)	(1,098.8)	(151.9)	(202.0)	(1,452.7)
Total changes in the statement of profit or loss and OCI		2,391.9	237.4	(94.7)	2,534.6	(7,178.2)	358.8	(1,014.1)	(7,833.5)
Cash flows									
Premiums received		16,124.5	–	–	16,124.5	17,821.0	–	–	17,821.0
Claims and other expenses paid		(13,840.6)	–	–	(13,840.6)	(11,287.5)	–	–	(11,287.5)
Insurance acquisition cash flows		(1,477.3)	–	–	(1,477.3)	(1,543.7)	–	–	(1,543.7)
Total cash flows		806.6	–	–	806.6	4,989.8	–	–	4,989.8
Other movements		242.4	–	(12.9)	229.5	329.0	–	–	329.0
Net insurance contract liabilities/(assets) as at 31 December		86,223.2	4,280.4	6,867.3	97,370.9	82,782.3	4,043.0	6,974.9	93,800.2
Insurance contract liabilities as at 31 December	13	86,469.7	4,156.2	6,757.4	97,383.3	83,362.3	3,925.3	6,867.5	94,155.1
Insurance contract assets as at 31 December	13	(246.5)	124.2	109.9	(12.4)	(580.0)	117.7	107.4	(354.9)
Net insurance contract liabilities/(assets) as at 31 December		86,223.2	4,280.4	6,867.3	97,370.9	82,782.3	4,043.0	6,974.9	93,800.2

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance (continued)

13.1.1 Life insurance – insurance contracts issued (continued)

13.1.1.3 Impact of contracts recognised during the year – contracts not measured under the PAA

in Singapore Dollars (millions)	Contracts issued					
	2023			2022 (restated)		
	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
Claims and other directly attributable expenses	**8,047.4**	**5,268.0**	**13,315.4**	13,996.6	1,274.2	15,270.8
Insurance acquisition cash flows	**1,240.5**	**333.6**	**1,574.1**	1,455.5	157.4	1,612.9
Estimates of present value of future cash outflows	**9,287.9**	**5,601.6**	**14,889.5**	15,452.1	1,431.6	16,883.7
Estimates of present value of future cash inflows	**(10,177.3)**	**(5,575.0)**	**(15,752.3)**	(16,472.8)	(1,460.0)	(17,932.8)
Risk adjustment	**471.1**	**188.7**	**659.8**	312.3	188.1	500.4
CSM	**418.3**	**–**	**418.3**	708.4	–	708.4
Increase in insurance contract liabilities from contracts recognised during the year	**–**	**215.3**	**215.3**	–	159.7	159.7

13.1.1.4 Amounts determined on transition to SFRS(I) 17

in Singapore Dollars (millions)	2023				2022 (restated)			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
CSM as at 1 January	**2,739.4**	**3,046.1**	**1,189.4**	**6,974.9**	3,381.8	3,973.5	633.7	7,989.0
Changes that relate to current services								
CSM recognised for services provided	**(246.6)**	**(289.7)**	**(236.6)**	**(772.9)**	(279.3)	(451.8)	(126.7)	(857.8)
Changes that relate to future services								
Contracts initially recognised in the period	**–**	**–**	**418.3**	**418.3**	–	–	708.4	708.4
Changes in estimates that adjust the CSM	**(78.9)**	**53.1**	**269.7**	**243.9**	(210.1)	(428.3)	23.0	(615.4)
Insurance service result	**(325.5)**	**(236.6)**	**451.4**	**(110.7)**	(489.4)	(880.1)	604.7	(764.8)
Insurance finance expenses/(income)	**122.6**	**73.0**	**13.1**	**208.7**	12.7	(23.2)	(36.8)	(47.3)
Effect of movements in exchange rates	**(148.9)**	**(20.4)**	**(23.4)**	**(192.7)**	(165.7)	(24.1)	(12.2)	(202.0)
Total changes in the statement of profit or loss or OCI	**(351.8)**	**(184.0)**	**441.1**	**(94.7)**	(642.4)	(927.4)	555.7	(1,014.1)
Other movements	**(7.4)**	**(2.2)**	**(3.3)**	**(12.9)**	–	–	–	–
CSM as at 31 December	**2,380.2**	**2,859.9**	**1,627.2**	**6,867.3**	2,739.4	3,046.1	1,189.4	6,974.9

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance (continued)

13.1.2 Life insurance – reinsurance contracts held

13.1.2.1 Reconciliation of the assets for remaining coverage and incurred claims

		2023				2022 (restated)			
		Assets for remaining coverage				Assets for remaining coverage			
in Singapore Dollars (millions)	Note	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Reinsurance contract assets as at 1 January		**618.6**	**4.5**	**188.3**	**811.4**	780.7	–	146.9	927.6
Reinsurance contract liabilities as at 1 January		**(506.9)**	**–**	**61.9**	**(445.0)**	(387.3)	–	12.4	(374.9)
Net reinsurance contract assets/(liabilities) as at 1 January		**111.7**	**4.5**	**250.2**	**366.4**	393.4	–	159.3	552.7
Allocation of reinsurance premiums		**(767.9)**	**–**	**–**	**(767.9)**	(736.0)	–	–	(736.0)
Amounts recoverable from reinsurers									
Recoveries of incurred claims and other insurance service expenses		**–**	**–**	**377.6**	**377.6**	–	–	374.1	374.1
Recoveries and reversals of recoveries of losses on onerous underlying contracts		**–**	**64.1**	**–**	**64.1**	–	4.5	–	4.5
Adjustments to assets for incurred claims		**–**	**–**	**(206.6)**	**(206.6)**	–	–	229.1	229.1
Net (expenses)/income from reinsurance contracts held		**(767.9)**	**64.1**	**171.0**	**(532.8)**	(736.0)	4.5	603.2	(128.3)
Finance (expenses)/income from reinsurance contracts held	5	**(13.4)**	**(0.2)**	**(0.2)**	**(13.8)**	(25.6)	–	(0.2)	(25.8)
Effect of movements in exchange rates		**(1.8)**	**–**	**(45.7)**	**(47.5)**	(115.4)	–	78.6	(36.8)
Total changes in the statement of profit or loss and OCI		**(783.1)**	**63.9**	**125.1**	**(594.1)**	(877.0)	4.5	681.6	(190.9)
Cash flows									
Premiums paid		**375.4**	**–**	**–**	**375.4**	176.4	–	–	176.4
Amounts received		**–**	**–**	**(309.0)**	**(309.0)**	–	–	(235.3)	(235.3)
Total cash flows		**375.4**	**–**	**(309.0)**	**66.4**	176.4	–	(235.3)	(58.9)
Other movements		**286.2**	**–**	**221.6**	**507.8**	418.9	–	(355.4)	63.5
Net reinsurance contract assets/(liabilities) as at 31 December		**(9.8)**	**68.4**	**287.9**	**346.5**	111.7	4.5	250.2	366.4
Reinsurance contract assets as at 31 December	13	**265.1**	**68.5**	**178.8**	**512.4**	618.6	4.5	188.3	811.4
Reinsurance contract liabilities as at 31 December	13	**(274.9)**	**(0.1)**	**109.1**	**(165.9)**	(506.9)	–	61.9	(445.0)
Net reinsurance contract assets/(liabilities) as at 31 December		**(9.8)**	**68.4**	**287.9**	**346.5**	111.7	4.5	250.2	366.4

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance (continued)

13.1.2 Life insurance – reinsurance contracts held (continued)

13.1.2.2 Reconciliation of the measurement components of reinsurance contract balances – contracts not measured under the PAA

		2023				2022 (restated)			
in Singapore Dollars (millions)	Note	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total	Estimates of the present value of future cash flows	Risk adjustment	CSM	Total
Reinsurance contract assets as at 1 January		**415.8**	**550.3**	**(154.7)**	**811.4**	409.6	451.4	66.6	927.6
Reinsurance contract liabilities as at 1 January		**(482.7)**	**18.9**	**18.8**	**(445.0)**	(483.3)	96.9	11.5	(374.9)
Net reinsurance contract assets/(liabilities) as at 1 January		**(66.9)**	**569.2**	**(135.9)**	**366.4**	(73.7)	548.3	78.1	552.7
Changes that relate to current services									
CSM recognised for services provided		**–**	**–**	**19.0**	**19.0**	–	–	1.9	1.9
Risk adjustment recognised for the risk expired		**–**	**(58.3)**	**–**	**(58.3)**	–	(47.4)	–	(47.4)
Experience adjustments		**(99.5)**	**0.1**	**–**	**(99.4)**	(56.6)	1.1	–	(55.5)
Changes that relate to future services									
Contracts initially recognised in the period		**59.0**	**92.7**	**(87.7)**	**64.0**	34.1	97.5	(127.3)	4.3
Changes in estimates that adjust the CSM		**(36.8)**	**(13.4)**	**50.2**	**–**	81.3	8.6	(89.9)	–
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability for incurred claims		**(457.5)**	**–**	**–**	**(457.5)**	(31.1)	–	–	(31.1)
Net (expense)/income from reinsurance contracts held		**(534.8)**	**21.1**	**(18.5)**	**(532.2)**	27.7	59.8	(215.3)	(127.8)
Finance (expenses)/income from reinsurance contracts held	5	**(31.0)**	**23.4**	**(6.2)**	**(13.8)**	0.1	(26.5)	0.6	(25.8)
Effect of movements in exchange rates		**(42.1)**	**(15.4)**	**10.0**	**(47.5)**	(25.1)	(12.4)	0.7	(36.8)
Total changes in the statement of profit or loss and OCI		**(607.9)**	**29.1**	**(14.7)**	**(593.5)**	2.7	20.9	(214.0)	(190.4)
Cash flows									
Premiums paid		**374.9**	**–**	**–**	**374.9**	175.9	–	–	175.9
Amounts received		**(309.0)**	**–**	**–**	**(309.0)**	(235.3)	–	–	(235.3)
Total cash flows		**65.9**	**–**	**–**	**65.9**	(59.4)	–	–	(59.4)
Other movements		**507.8**	**–**	**–**	**507.8**	63.5	–	–	63.5
Net reinsurance contract assets/(liabilities) as at 31 December		**(101.1)**	**598.3**	**(150.6)**	**346.6**	(66.9)	569.2	(135.9)	366.4
Reinsurance contract assets as at 31 December		**116.0**	**573.2**	**(176.7)**	**512.5**	415.8	550.3	(154.7)	811.4
Reinsurance contract liabilities as at 31 December		**(217.1)**	**25.1**	**26.1**	**(165.9)**	(482.7)	18.9	18.8	(445.0)
Net reinsurance contract assets/(liabilities) as at 31 December		**(101.1)**	**598.3**	**(150.6)**	**346.6**	(66.9)	569.2	(135.9)	366.4

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.1 Life insurance (continued)

13.1.2 Life insurance – reinsurance contracts held (continued)

13.1.2.3 Impact of contracts recognised during the year – contracts not measured under the PAA

in Singapore Dollars (millions)	2023 Contracts originated not in a net gain	2023 Contracts originated in a net gain	2023 Total	2022 (restated) Contracts originated not in a net gain	2022 (restated) Contracts originated in a net gain	2022 (restated) Total
Estimates of present value of future cash outflows	(307.0)	(193.1)	(500.1)	(455.2)	(50.6)	(505.8)
Estimates of present value of future cash inflows	317.3	241.8	559.1	476.7	63.2	539.9
Risk adjustment	49.4	43.3	92.7	85.5	12.0	97.5
CSM	(59.7)	(28.0)	(87.7)	(107.0)	(20.3)	(127.3)
Increase in reinsurance contract assets from contracts recognised during the year	–	64.0	64.0	–	4.3	4.3

13.1.2.4 Amounts determined on transition to SFRS(I) 17

in Singapore Dollars (millions)	2023 Contracts using the fair value approach	2023 All other contracts	2023 Total	2022 (restated) Contracts using the fair value approach	2022 (restated) All other contracts	2022 (restated) Total
CSM as at 1 January	97.8	(233.7)	(135.9)	74.8	3.3	78.1
Changes that relate to current services						
CSM recognised for services received	(14.3)	33.3	19.0	(11.9)	13.8	1.9
Changes that relate to future services						
Contracts initially recognised in the period	–	(87.7)	(87.7)	–	(127.3)	(127.3)
Changes in estimates that adjust the CSM	16.4	33.8	50.2	33.2	(123.1)	(89.9)
	2.1	(20.6)	(18.5)	21.3	(236.6)	(215.3)
Finance (expenses)/income from reinsurance contracts held	1.9	(8.1)	(6.2)	1.7	(1.1)	0.6
Effect of movements in exchange rates	–	10.0	10.0	–	0.7	0.7
Total changes in the statement of profit or loss or OCI	4.0	(18.7)	(14.7)	23.0	(237.0)	(214.0)
CSM as at 31 December	101.8	(252.4)	(150.6)	97.8	(233.7)	(135.9)

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.2 Non-life insurance

13.2.1 Non-life insurance – insurance contracts issued

13.2.1.1 Reconciliation of the liabilities for remaining coverage and incurred claims

in Singapore Dollars (millions)	Note	2023					2022 (restated)				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
				Contracts under PAA					Contracts under PAA		
		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 1 January		**96.8**	**29.3**	**460.5**	**64.1**	**650.7**	116.9	28.9	447.7	56.7	650.2
Insurance contract assets as at 1 January		**(17.7)**	**–**	**–**	**–**	**(17.7)**	(11.3)	0.1	–	–	(11.2)
Net insurance contract liabilities/(assets) as at 1 January		**79.1**	**29.3**	**460.5**	**64.1**	**633.0**	105.6	29.0	447.7	56.7	639.0
Insurance revenue											
Other contracts		**(423.9)**	**–**	**–**	**–**	**(423.9)**	(398.7)	–	–	–	(398.7)
	4	**(423.9)**	**–**	**–**	**–**	**(423.9)**	(398.7)	–	–	–	(398.7)
Insurance service expenses											
Incurred claims and other expenses		**–**	**–**	**248.0**	**12.0**	**260.0**	–	–	281.6	12.8	294.4
Amortisation of insurance acquisition cash flows		**99.6**	**–**	**–**	**–**	**99.6**	97.3	–	–	–	97.3
Losses on onerous contracts and reversals of those losses		**–**	**(13.0)**	**–**	**–**	**(13.0)**	–	0.6	–	–	0.6
Changes to liabilities for incurred claims		**–**	**–**	**(27.2)**	**(27.4)**	**(54.6)**	–	–	(0.5)	(3.9)	(4.4)
	6	**99.6**	**(13.0)**	**220.8**	**(15.4)**	**292.0**	97.3	0.6	281.1	8.9	387.9
Insurance service result		**(324.3)**	**(13.0)**	**220.8**	**(15.4)**	**(131.9)**	(301.4)	0.6	281.1	8.9	(10.8)
Insurance finance expenses	5	**5.4**	**1.3**	**13.6**	**2.1**	**22.4**	3.4	0.4	2.2	0.1	6.1
Effect of movements in exchange rates		**(2.4)**	**(0.5)**	**(14.9)**	**(1.5)**	**(19.3)**	(2.0)	(0.7)	(10.7)	(1.6)	(15.0)
Total changes in the statement of profit or loss and OCI		**(321.3)**	**(12.2)**	**219.5**	**(14.8)**	**(128.8)**	(300.0)	0.3	272.6	7.4	(19.7)
Cash flows											
Premiums received		**438.4**	**–**	**–**	**–**	**438.4**	373.9	–	–	–	373.9
Claims and other expenses paid		**–**	**–**	**(262.1)**	**–**	**(262.1)**	–	–	(259.8)	–	(259.8)
Insurance acquisition cash flows		**(89.4)**	**–**	**–**	**–**	**(89.4)**	(100.4)	–	–	–	(100.4)
Total cash flows		**349.0**	**–**	**(262.1)**	**–**	**86.9**	273.5	–	(259.8)	–	13.7
Net insurance contract liabilities/(assets) as at 31 December		**106.8**	**17.1**	**417.9**	**49.3**	**591.1**	79.1	29.3	460.5	64.1	633.0
Insurance contract liabilities as at 31 December	13	**134.0**	**17.1**	**417.9**	**49.3**	**618.3**	96.8	29.3	460.5	64.1	650.7
Insurance contract assets as at 31 December	13	**(27.2)**	**–**	**–**	**–**	**(27.2)**	(17.7)	0.0	–	–	(17.7)
Net insurance contract liabilities/(assets) as at 31 December		**106.8**	**17.1**	**417.9**	**49.3**	**591.1**	79.1	29.3	460.5	64.1	633.0

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (continued)

13.2 Non-life insurance (continued)

13.2.2 Non-life insurance – reinsurance contracts held

13.2.2.1 Reconciliation of the assets for remaining coverage and incurred claims

		2023					2022 (restated)				
		Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
				Contracts under PAA					Contracts under PAA		
in Singapore Dollars (millions)	Note	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Reinsurance contract assets as at 1 January		**24.2**	**10.8**	**312.5**	**49.8**	**397.3**	27.0	10.0	296.8	48.6	382.4
Reinsurance contract liabilities as at 1 January		**(38.4)**	**0.4**	**1.4**	**–**	**(36.6)**	(8.6)	0.2	–	–	(8.4)
Net reinsurance contract assets/(liabilities) as at 1 January		**(14.2)**	**11.2**	**313.9**	**49.8**	**360.7**	18.4	10.2	296.8	48.6	374.0
Allocation of reinsurance premiums		**(160.4)**	**–**	**–**	**–**	**(160.4)**	(116.7)	–	–	–	(116.7)
Amounts recoverable from reinsurers											
Recoveries of incurred claims and other insurance service expenses		**–**	**–**	**106.5**	**7.2**	**113.7**	–	–	119.2	8.7	127.9
Recoveries and reversals of recoveries of losses on onerous underlying contracts		**–**	**(7.1)**	**–**	**–**	**(7.1)**	–	1.1	–	–	1.1
Adjustments to assets for incurred claims		**–**	**–**	**(27.8)**	**(20.2)**	**(48.0)**	–	–	(8.0)	(6.8)	(14.8)
Net (expenses)/income from reinsurance contracts held		**(160.4)**	**(7.1)**	**78.7**	**(13.0)**	**(101.8)**	(116.7)	1.1	111.2	1.9	(2.5)
Finance income from reinsurance contracts held	5	**2.2**	**0.5**	**4.6**	**1.7**	**9.0**	1.4	0.1	2.3	0.3	4.1
Effect of movements in exchange rates		**0.1**	**(0.1)**	**(11.1)**	**(1.0)**	**(12.1)**	0.7	(0.2)	(10.4)	(1.0)	(10.9)
Total changes in the statement of profit or loss and OCI		**(158.1)**	**(6.7)**	**72.2**	**(12.3)**	**(104.9)**	(114.6)	1.0	103.1	1.2	(9.3)
Cash flows											
Premiums paid		**182.0**	**–**	**–**	**–**	**182.0**	82.0	–	–	–	82.0
Amounts received		**–**	**–**	**(135.7)**	**–**	**(135.7)**	–	–	(86.0)	–	(86.0)
Total cash flows		**182.0**	**–**	**(135.7)**	**–**	**46.3**	82.0	–	(86.0)	–	(4.0)
Other movements		**(0.4)**	**–**	**0.4**	**–**	**–**	–	–	–	–	–
Net reinsurance contract assets/(liabilities) as at 31 December		**9.3**	**4.5**	**250.8**	**37.5**	**302.1**	(14.2)	11.2	313.9	49.8	360.7
Reinsurance contract assets as at 31 December	13	**74.3**	**4.1**	**241.1**	**36.8**	**356.3**	24.2	10.8	312.5	49.8	397.3
Reinsurance contract liabilities as at 31 December	13	**(65.0)**	**0.4**	**9.7**	**0.7**	**(54.2)**	(38.4)	0.4	1.4	–	(36.6)
Net reinsurance contract assets/(liabilities) as at 31 December		**9.3**	**4.5**	**250.8**	**37.5**	**302.1**	(14.2)	11.2	313.9	49.8	360.7

Notes to the Financial Statements

13 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

13.3 Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	2023						
in Singapore Dollars (millions)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Insurance contracts issued							
Life	**601.6**	**489.4**	**448.8**	**418.3**	**387.9**	**4,521.3**	**6,867.3**
Total insurance contracts issued	**601.6**	**489.4**	**448.8**	**418.3**	**387.9**	**4,521.3**	**6,867.3**
Reinsurance contracts held							
Life	**17.3**	**6.4**	**8.9**	**9.0**	**8.0**	**101.0**	**150.6**
Total reinsurance contracts held	**17.3**	**6.4**	**8.9**	**9.0**	**8.0**	**101.0**	**150.6**

	2022 (restated)						
in Singapore Dollars (millions)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Insurance contracts issued							
Life	621.9	499.6	452.3	420.9	390.7	4,589.5	6,974.9
Total insurance contracts issued	621.9	499.6	452.3	420.9	390.7	4,589.5	6,974.9
Reinsurance contracts held							
Life	28.3	22.6	10.7	4.9	5.6	63.8	135.9
Total reinsurance contracts held	28.3	22.6	10.7	4.9	5.6	63.8	135.9

14 OTHER DEBTORS

		Group	
in Singapore Dollars (millions)	Note	2023	2022 (restated)
Other debtors comprise the following:			
Financial Assets:			
Accrued interest and dividend receivable		**651.2**	586.8
Investment debtors		**379.2**	156.9
Other receivables		**31.3**	12.7
Deposits collected		**3.5**	3.6
	16	**1,065.2**	760.0
Non-Financial Assets:			
Prepayments and others		**46.3**	61.1
		1,111.5	821.1

As at 31 December 2023, the Company had no other debtor balance (31 December 2022: nil).

Notes to the Financial Statements

15 AMOUNT DUE FROM SUBSIDIARIES

in Singapore Dollars (millions)	Note	Company 2023	Company 2022
Amount due from subsidiaries		**2,380.1**	2,478.8
Loans to subsidiaries		**–**	9.1
Provision for impairment of unsecured loan to subsidiary		**–**	(7.0)
	16	**2,380.1**	2,480.9

The amounts due from subsidiaries and loans to subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

16 LOANS AND OTHER FINANCIAL ASSETS AT AMORTISED COST

in Singapore Dollars (millions)	Note	Group 2023	Group 2022 (restated)	Company 2023	Company 2022
Loans comprise the following:					
Secured loans		**375.4**	294.6	**–**	–
Unsecured loans		**146.3**	194.7	**–**	–
		521.7	489.3	**–**	–
less: Provision for impairment of secured loans		**2.6**	2.6	**–**	–
Provision for impairment of unsecured loans		**8.1**	6.2	**–**	–
		511.0	480.5	**–**	–

If loans were carried at fair value, the carrying amounts would be as follows:

	Note	Group 2023	Group 2022 (restated)	Company 2023	Company 2022
Loans		**524.7**	485.3	**–**	–
Loans and other financial assets at amortised cost:					
Cash and cash equivalents		**6,302.9**	9,607.9	**25.7**	20.4
Other debtors	14	**1,065.2**	760.0	**–**	–
Loans		**511.0**	480.5	**–**	–
Debt securities	18	**1,218.2**	1,802.5	**–**	–
Amount due from subsidiaries	15	**–**	–	**2,380.1**	2,480.9
Total loans and other financial assets at amortised cost		**9,097.3**	12,650.9	**2,405.8**	2,501.3

16.1 Loans analysed by interest rate sensitivity and geography

	Group 2023	Group 2022 (restated)	Company 2023	Company 2022
Fixed				
Singapore	**14.5**	4.9	**–**	–
Malaysia	**120.6**	144.3	**–**	–
	135.1	149.2	**–**	–
Floating				
Singapore	**375.9**	331.3	**–**	–
Total	**511.0**	480.5	**–**	–

The analysis by interest rate sensitivity is based on where the transactions are booked and where the credit risk resides.

Notes to the Financial Statements

17 DERIVATIVE FINANCIAL INSTRUMENTS

in Singapore Dollars (millions)	Notional Amount	Derivative Financial Assets	Derivative Financial Liabilities
31 December 2023			
Foreign exchange:			
Forwards	**28,477.2**	**392.5**	**(124.5)**
Currency swaps	**1,982.2**	**96.1**	**(14.0)**
Interest rates:			
Swaps	**909.6**	**23.7**	**(32.7)**
Exchange traded futures	**3,703.6**	**371.1**	**(4.1)**
Equity:			
Swaps	**20.5**	**–**	**(0.6)**
Futures	**1,079.8**	**13.8**	**(3.0)**
Options	**472.2**	**54.6**	**–**
Credit:			
Swaps	**10.0**	**9.9**	**–**
Bond:			
Forwards	**175.0**	**2.2**	**(0.8)**
	36,830.1	**963.9**	**(179.7)**
31 December 2022			
Foreign exchange:			
Forwards	27,976.0	510.6	(152.2)
Currency swaps	3,309.3	182.9	(6.8)
Options	69.0	12.0	–
Interest rates:			
Swaps	877.1	9.0	(64.5)
Exchange traded futures	841.8	2.2	(17.2)
Equity:			
Swaps	227.4	0.2	(35.6)
Futures	622.1	3.4	(0.1)
Options	996.3	39.2	(7.1)
Credit:			
Swaps	588.8	1.9	(3.7)
Bond:			
Forwards	210.6	0.3	(4.8)
	35,718.4	761.7	(292.0)

The table above shows the fair value of derivative financial instruments, recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and the basis upon which changes in the value of derivatives are measured.

The fair value of derivatives shown above represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the changes in value.

Notes to the Financial Statements

18 INVESTMENTS

in Singapore Dollars (millions)	Group 2023	Group 2022 (restated)
18.1 Financial assets at FVOCI		
Equity securities designated at FVOCI		
(i) Quoted equity securities	**1,883.8**	1,639.3
– Hong Kong Stock Exchange	**341.1**	392.3
– New York Stock Exchange	**240.4**	156.3
– Bursa Malaysia	**226.6**	222.0
– Tokyo Stock Exchange	**200.6**	149.7
– NASDAQ/NGS	**175.2**	34.5
– Singapore Exchange	**150.2**	229.7
– Korea Exchange	**129.6**	121.1
– Taiwan Stock Exchange	**116.1**	127.3
– Australian Stock Exchange	**82.1**	110.1
– Others	**221.9**	96.3
(ii) Unquoted equity securities	**22.3**	22.7
	1,906.1	1,662.0
Debt securities at FVOCI		
(iii) Quoted debt securities [(1)]	**9,419.1**	7,772.6
(iv) Unquoted debt securities	**4,576.1**	2,813.4
	13,995.2	10,586.0
Total securities measured at FVOCI	**15,901.3**	12,248.0

During the financial year ended 31 December 2023 and 2022, the Group sold listed equity securities as the underlying investments are no longer aligned with the Group's long-term investment strategy. These investments had a fair value of $930.2 million (31 December 2022: $952.9 million) at the date of disposal. The cumulative loss on disposal of $2.5 million (31 December 2022: gain of $19.2 million) was reclassified from fair value reserve to retained earnings.

	2023	2022 (restated)
18.2 Financial assets at FVTPL		
Mandatorily measured at FVTPL		
Equity securities		
(i) Quoted equity securities	**11,505.9**	11,469.2
(ii) Unquoted equity securities	**24.8**	21.8
	11,530.7	11,491.0
Debt securities		
(iii) Quoted debt securities	**3,937.5**	5,134.2
(iv) Unquoted debt securities	**3,239.7**	2,749.5
	7,177.2	7,883.7
Other investments		
(v) Collective investment schemes [(2)]	**19,244.9**	14,226.7
Total financial assets mandatorily measured at FVTPL	**37,952.8**	33,601.4
Designated at FVTPL		
Debt securities		
(i) Quoted debt securities	**27,820.2**	28,761.2
(ii) Unquoted debt securities	**13,643.1**	12,347.3
Total financial assets designated at FVTPL	**41,463.3**	41,108.5
Total financial assets at FVTPL	**79,416.1**	74,709.9

(1) Included in quoted debt securities are quoted government securities amounting to $42.6 million (2022: $33.8 million) which are lodged with the regulator as statutory deposits.

(2) Collective investment schemes include but are not limited to hedge funds, private equity funds, unit trusts, real estate investment funds, exchange traded funds and open-ended investment company funds.

Notes to the Financial Statements

18 INVESTMENTS (continued)

in Singapore Dollars (millions)	Note	Group 2023	Group 2022 (restated)
18.3 Financial assets at Amortised Cost			
Debt securities			
(i) Quoted debt securities		**1,033.1**	1,097.7
(ii) Unquoted debt securities		**185.1**	704.8
Total financial assets at Amortised Cost [(1)]	16	**1,218.2**	1,802.5
TOTAL INVESTMENTS		**96,535.6**	88,760.4

[(1)] If these financial assets are measured using market value, the carrying amount would be as follows:

in Singapore Dollars (millions)	Group 2023	Group 2022
Quoted debt securities	**1,014.3**	1,401.1
Unquoted debt securities	**184.5**	314.1
	1,198.8	1,715.2

19 UNDERLYING ITEMS

The following table sets out the composition and the fair value of underlying items of the Group's contracts with direct participation features.

in Singapore Dollars (millions)	Group 2023	Group 2022
Cash and cash equivalents	**3,222.0**	6,356.7
Derivative financial instruments	**578.2**	213.8
Equity securities	**10,706.0**	10,777.8
Debt securities	**42,989.0**	40,322.7
Collective investment schemes	**17,184.5**	13,029.7
Loans	**392.3**	334.1
Investment properties	**1,375.7**	1,385.5
Property, plant and equipment	**841.4**	833.0
	77,289.1	73,253.3

20 INVESTMENT IN ASSOCIATE

in Singapore Dollars (millions)	Group 2023	Group 2022
Investment in shares, at fair value	**95.1**	122.5
Carrying amount at 31 December	**95.1**	122.5

The Group's associate is as follows:

Name of associate	Principal place of business	Nature of the relationship with the Group	Effective % interest held 2023	Effective % interest held 2022
Boost Holdings Sdn Bhd	Malaysia	Strategic investment in digital payment solutions	**21.9**	21.9

Notes to the Financial Statements

20 INVESTMENT IN ASSOCIATE (continued)

The Group has elected to measure its investment in associate, Boost Holdings Sdn Bhd, at fair value through profit or loss in accordance with SFRS(I) 9 as it is held through its venture capital organisation.

Information about the Group's investment in associate is as follows:

in Singapore Dollars (millions)	Group 2023	Group 2022
Loss after income tax from continuing operations	**(51.4)**	(51.4)
Total comprehensive loss	**(51.4)**	(51.4)

21 INVESTMENT IN SUBSIDIARIES

in Singapore Dollars (millions)	Company 2023	Company 2022
Investment in shares, at cost	**1,331.1**	1,323.4
Provision for impairment	**(22.2)**	–
Distribution from pre-acquisition reserve	**(281.8)**	(281.8)
	1,027.1	1,041.6
Investment in shares, at cost:		
Balance at the beginning of the year	**1,323.4**	1,288.9
Acquisition	**7.7**	34.5
Balance at the end of the year	**1,331.1**	1,323.4
Provision for impairment:		
Balance at the beginning of the year	**–**	–
Impairment loss recognised during the year	**(22.2)**	–
Balance at the end of the year	**(22.2)**	–

Significant restrictions:

The ability of insurance subsidiaries to transfer funds to the Group in the form of cash dividends is subject to local insurance laws and regulations and solvency requirements in certain jurisdictions in which the subsidiaries operate. These requirements do not constitute a material limitation on the ability of the subsidiaries to transfer funds to the Group.

21.1 Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary in Singapore Dollars (millions)	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting year	Accumulated NCI at the end of the reporting year	Dividends paid to NCI
31 December 2023:					
Lion Global Investors Limited	**Singapore**	**30%**	**13.7**	**85.3**	**9.5**
31 December 2022:					
Lion Global Investors Limited	Singapore	30%	1.6	81.1	9.3

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

Notes to the Financial Statements

21 INVESTMENT IN SUBSIDIARIES (continued)

21.2 Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	Lion Global Investors Ltd	
in Singapore Dollars (millions)	**2023**	2022
Summarised balance sheets		
Current		
Assets	**328.7**	318.6
Liabilities	**(42.1)**	(46.9)
Net current assets	**286.6**	271.7
Non-current		
Assets	**2.5**	3.2
Liabilities	**–**	(0.1)
Net non-current assets	**2.5**	3.1
Net assets	**289.1**	274.8
Summarised statement of comprehensive income		
Revenue	**103.8**	106.5
Profit before income tax	**55.0**	14.8
Income tax expense	**(9.2)**	(9.3)
Profit after income tax from continuing operations	**45.8**	5.5
Total comprehensive income	**45.8**	5.5
Other summarised information		
Net cash flows from operations	**44.5**	45.4

22 INTERESTS IN STRUCTURED ENTITIES

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group has interests in unconsolidated structured entities as described below.

The Group holds shares or units in investment vehicles, which consist of:

- Debt securities which comprise: Mortgage-Backed-Securities (“MBS”), Asset Backed Securities (“ABS”) and Structured Deposits (“SD”).
- Collective Investment Schemes which comprise: hedge funds, private equity funds, unit trusts, Real Estate Investment Trusts (“REITs”), Exchange Traded Funds (“ETF”) and Open Ended Investment Companies (“OEIC”).

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles.

The investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

Notes to the Financial Statements

22 INTERESTS IN STRUCTURED ENTITIES (continued)

22.1 Interests in unconsolidated structured entities

As part of its investment activities, the Group invests in unconsolidated structured entities. As at 31 December 2023, the Group's total interest in unconsolidated structured entities was $20,771.7 million (31 December 2022: $15,094.6 million) on the Group's balance sheet.

The Group does not sponsor any of the unconsolidated structured entities.

A summary of the Group's interest in unconsolidated structured entities is as follows:

	Group	
in Singapore Dollars (millions)	2023	2022
Debt securities		
Analysed as:		
MBS	**571.3**	201.7
ABS	**125.2**	197.4
SD	**830.3**	468.8
Collective investment schemes		
Analysed as:		
Hedge funds	**1,778.4**	1,508.6
Private equity funds	**2,912.5**	2,842.1
Unit trusts	**3,647.6**	3,071.1
REITs	**854.0**	780.5
ETF	**1,093.4**	551.5
OEIC	**8,959.0**	5,472.9
Total	**20,771.7**	15,094.6

The Group's maximum exposure to loss on the interests presented above is the carrying amount of the Group's investments.

The Group has not provided any financial or other support to the unconsolidated structured entities as at the reporting date, and there are no intentions to provide support in the foreseeable future.

22.2 Other interests in unconsolidated structured entities

The Group receives management fees in respect of its asset management business. The Group does not sponsor any of the funds or investment vehicles from which it receives fees. Management fees received for investments that the Group manages but does not have a holding in also represent an interest in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The table below shows the assets under management of entities that the Group manages but does not have a holding in and the fees earned from those entities.

	Assets under Management		Investment Management Fees	
in Singapore Dollars (millions)	2023	2022	2023	2022
Collective investment schemes	**2,885.4**	2,963.8	**19.2**	23.5
Total	**2,885.4**	2,963.8	**19.2**	23.5

Notes to the Financial Statements

23 INTANGIBLE ASSETS

in Singapore Dollars (millions)	Note	Group 2023	Group 2022
Goodwill	23.1	**26.4**	26.7
Other intangible assets	23.3	**186.1**	176.9
Carrying amount at 31 December		**212.5**	203.6

23.1 Goodwill

		2023	2022
Cost:			
At 1 January		**33.5**	34.0
Currency translation reserve adjustment		**(0.3)**	(0.5)
At 31 December		**33.2**	33.5
Impairment:			
At 1 January and 31 December		**(6.8)**	(6.8)
Net carrying amount:			
At 31 December	23	**26.4**	26.7

23.2 Impairment test for goodwill

Subsidiary – Lion Global Investors Limited	
Carrying value of capitalised goodwill as at 31 December 2023	$18.9 million
Basis on which recoverable values are determined (1)	Value in use
Terminal growth rate (2)	3%
Discount rate (3)	5%
Business acquired – Tahan Insurance Malaysia Berhad	
Carrying value of capitalised goodwill as at 31 December 2023	$5.2 million
Basis on which recoverable values are determined (1)	Value in use
Terminal growth rate (2)	5%
Discount rate (3)	10%
Subsidiary – PT Great Eastern General Insurance Indonesia	
Carrying value of capitalised goodwill as at 31 December 2023	$2.3 million
Basis on which recoverable values are determined (1)	Value in use
Terminal growth rate (2)	5%
Discount rate (3)	13%

(1) The value-in-use calculation applies a discounted cash flow model using cash flow projections based on financial budget and forecast approved by management covering a five-year period. Cash flows beyond the fifth year are extrapolated using the terminal growth rate stated above.

(2) The terminal growth rates used do not exceed the long term average past growth rates of the industries and countries in which Lion Global Investors Limited, Great Eastern General Insurance (Malaysia) Berhad and PT Great Eastern General Insurance Indonesia operate.

(3) The discount rate applied to the cash flow projections is pre-tax and is derived from the cost of capital plus a reasonable risk premium. This is the benchmark used by management to assess the operating performance.

No impairment loss (2022: nil) was recognised for the financial year ended 31 December 2023 against the amounts of goodwill recorded above to write down the carrying value to recoverable value. A reasonably possible change in key assumptions will not cause the carrying values above to materially exceed the recoverable amounts.

Notes to the Financial Statements

23 INTANGIBLE ASSETS (continued)

23.3 Other intangible assets

		Group				
in Singapore Dollars (millions)	Note	Software	Capital works in progress	Club Membership	Distribution Platform	Total
Cost						
At 1 January 2022		410.2	95.4	0.6	4.0	510.2
Additions		20.4	35.6	–	–	56.0
Disposals		(11.5)	(0.3)	–	–	(11.8)
Reclassification		62.8	(62.8)	–	–	–
Currency translation reserve adjustment		(8.2)	(2.4)	–	(0.2)	(10.8)
At 31 December 2022 and 1 January 2023		473.7	65.5	0.6	3.8	543.6
Additions		**8.2**	**49.4**	**–**	**–**	**57.6**
Disposals		**(12.5)**	**–**	**(0.1)**	**–**	**(12.6)**
Reclassification		**46.1**	**(46.1)**	**–**	**–**	**–**
Reclassification to property, plant and equipment	26	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Currency translation reserve adjustment		**(9.0)**	**(2.0)**	**–**	**(0.2)**	**(11.2)**
At 31 December 2023		**506.5**	**66.7**	**0.5**	**3.6**	**577.3**
Accumulated amortisation and impairment loss						
At 1 January 2022		(341.0)	–	(0.1)	(1.3)	(342.4)
Amortisation charge for the year	6	(42.1)	–	–	(0.6)	(42.7)
Disposals		11.3	–	–	–	11.3
Currency translation reserve adjustment		7.0	–	–	0.1	7.1
At 31 December 2022 and 1 January 2023		(364.8)	–	(0.1)	(1.8)	(366.7)
Amortisation charge for the year	6	**(43.7)**	**–**	**–**	**(0.5)**	**(44.2)**
Disposals		**12.5**	**–**	**–**	**–**	**12.5**
Provision for impairment		**–**	**–**	**–**	**(0.2)**	**(0.2)**
Currency translation reserve adjustment		**7.3**	**–**	**–**	**0.1**	**7.4**
At 31 December 2023		**(388.7)**	**–**	**(0.1)**	**(2.4)**	**(391.2)**
Net book value						
At 31 December 2022	23	108.9	65.5	0.5	2.0	176.9
At 31 December 2023	23	**117.8**	**66.7**	**0.4**	**1.2**	**186.1**

Notes to the Financial Statements

24 INVESTMENT PROPERTIES

in Singapore Dollars (millions)	Note	Group 2023	Group 2022
Balance sheet:			
At 1 January		**1,881.2**	1,883.9
Additions (subsequent expenditure)		**1.1**	1.0
Net gain from fair value adjustments	5	**16.3**	91.3
Reclassification to asset held for sale	25	**–**	(72.6)
Currency translation reserve adjustment		**(17.9)**	(22.4)
At 31 December		**1,880.7**	1,881.2
Profit or Loss Statement:			
Rental income from investment properties:			
– Minimum lease payments		**49.9**	47.3
Direct operating expenses (including repairs and maintenance) arising from:			
– Rental generating properties		**(17.5)**	(17.1)
– Non-rental generating properties		**(0.1)**	(0.1)
		(17.6)	(17.2)

Investment properties collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life insurance business.

Investment properties are stated at fair value, which has been determined based on objective valuation undertaken by independent valuers as at the balance sheet date. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

25 ASSET HELD FOR SALE

The directors of the Group's subsidiary approved the sale of a property as at 31 December 2022, and this sale had been completed in 2023. The property was reclassified from investment property to asset held for sale during 2022 and measured at fair value. The fair value of the property amounting to $72.6 million as at 31 December 2022 and measured using the income approach. This was a level 3 measurement as per the fair value hierarchy set out in Note 32.3.

Notes to the Financial Statements

26 PROPERTY, PLANT AND EQUIPMENT

		Group								
		Right-Of-Use Assets			Property, Plant and Equipment Owned					
in Singapore Dollars (millions)	Note	Leasehold Land[1]	Office space	Other Right-Of-Use Assets	Freehold Land[1]	Capital Works in Progress	Buildings[1]	Computer Equipment and Software Development Costs	Other Assets[2]	Total
Cost										
At 1 January 2022		37.9	102.8	1.3	60.5	15.2	606.3	144.7	108.2	1,076.9
Additions		–	0.5	–	–	1.4	–	9.0	3.0	13.9
Disposals/assets written off		–	(0.5)	–	–	–	–	(2.1)	(8.6)	(11.2)
Reclassification		–	–	–	–	(11.6)	–	–	11.6	–
Currency translation reserve adjustment		(0.3)	(0.2)	(0.1)	(0.2)	–	(8.3)	(5.4)	(2.9)	(17.4)
At 31 December 2022 and 1 January 2023		37.6	102.6	1.2	60.3	5.0	598.0	146.2	111.3	1,062.2
Additions		**–**	**0.7**	**–**	**–**	**14.4**	**1.3**	**8.4**	**10.2**	**35.0**
Disposals/assets written off		**–**	**–**	**–**	**–**	**–**	**–**	**(3.8)**	**(6.1)**	**(9.9)**
Reclassification		**–**	**–**	**–**	**–**	**(1.0)**	**–**	**–**	**1.0**	**–**
Reclassification from intangible assets	23	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Currency translation reserve adjustment		**(0.3)**	**–**	**(0.1)**	**(0.2)**	**–**	**(8.1)**	**(5.2)**	**(2.7)**	**(16.6)**
At 31 December 2023		**37.3**	**103.3**	**1.1**	**60.1**	**18.4**	**591.2**	**145.7**	**113.7**	**1,070.8**
Accumulated Depreciation and Impairment Loss										
At 1 January 2022		(2.1)	(27.6)	(0.9)	(1.4)	–	(302.4)	(120.2)	(75.3)	(529.9)
Depreciation charge for the year	6	–	(12.4)	(0.3)	–	–	(12.1)	(11.2)	(9.3)	(45.3)
Disposals/assets written off		–	0.1	–	–	–	–	2.1	8.5	10.7
Currency translation reserve adjustment		–	0.2	–	–	–	3.7	5.3	2.5	11.7
At 31 December 2022 and 1 January 2023		(2.1)	(39.7)	(1.2)	(1.4)	–	(310.8)	(124.0)	(73.6)	(552.8)
Depreciation charge for the year	6	**–**	**(12.3)**	**(0.1)**	**–**	**–**	**(12.1)**	**(11.0)**	**(8.1)**	**(43.6)**
Disposals/assets written off		**–**	**–**	**–**	**–**	**–**	**–**	**3.8**	**5.9**	**9.7**
Currency translation reserve adjustment		**–**	**–**	**0.2**	**–**	**–**	**3.7**	**5.0**	**2.7**	**11.6**
At 31 December 2023		**(2.1)**	**(52.0)**	**(1.1)**	**(1.4)**	**–**	**(319.2)**	**(126.2)**	**(73.1)**	**(575.1)**
Net Book Value										
At 31 December 2022		35.5	62.9	–	58.9	5.0	287.2	22.2	37.7	509.4
At 31 December 2023		**35.2**	**51.3**	**–**	**58.7**	**18.4**	**272.0**	**19.5**	**40.6**	**495.7**

(1) If the freehold land, leasehold land and buildings were measured using market value, the carrying amount would be as follows:

	Group	
in Singapore Dollars (millions)	2023	2022
Freehold land, Leasehold land and Buildings	**847.6**	846.6

(2) Other assets include motor vehicles, office furniture, fittings and equipment.

Notes to the Financial Statements

26 PROPERTY, PLANT AND EQUIPMENT (continued)

26.1 Leases

This note provides information for leases where the group is a lessee.

The Group has entered into operating lease agreements for computer equipment and office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. There are several lease contracts that include extension and termination options.

The Group also has certain leases of office rental with lease terms of 12 months or less and leases of computer equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases respectively.

The following are the amounts recognised in the Profit or Loss Statement:

in Singapore Dollars (millions)	Note	Group 2023	Group 2022
Depreciation expense of right-of-use assets		**12.4**	12.7
Interest expense on lease liabilities	6	**1.6**	1.9
Expense relating to short-term leases		**2.6**	2.7
Expense relating to leases of low-value assets		**0.1**	0.2
Total amount recognised in the Profit or Loss Statement		**16.7**	17.5

The total cash outflow for leases in 2023 was $13.3 million (2022: $13.9 million).

27 EXECUTIVES' SHARE OPTION SCHEME

27.1 OCBC Share Option Scheme

In April 2005, the GEH Optionholders were nominated to participate in the OCBC Share Option Scheme (2001) ("OCBC Option Scheme"). OCBC has ceased granting share options under the OCBC Option Scheme effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by the recipients. The share options have a validity period of 10 years from date of grant.

For the financial year ended 31 December 2023, there were no options granted under the OCBC Share Option Scheme (2022: nil) to GEH Optionholders to acquire ordinary shares in OCBC ("OCBC shares") pursuant to 2001 scheme, and no options were granted to a director of the Company (2022: nil).

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

	2023 Number of Options	2023 Average Price	2022 Number of Options	2022 Average Price
Number of shares comprised in options:				
At beginning of year	**1,900,145**	**$10.433**	2,534,433	$10.186
Lapsed during the year	**(10,224)**	**$10.018**	(14,856)	$12.113
Exercised during the year	**(836,133)**	**$9.702**	(619,432)	$9.384
Outstanding at end of year	**1,053,788**	**$11.017**	1,900,145	$10.433
Exercisable at end of year	**1,053,788**	**$11.017**	1,900,145	$10.433
Average share price underlying the options exercised during the financial year		**$12.619**		$12.245

Notes to the Financial Statements

27 EXECUTIVES' SHARE OPTION SCHEME (continued)

27.1 OCBC Share Option Scheme (continued)

Details of the options outstanding as at 31 December 2023 are as follows:

Grant Year	Grant Date	Exercise Period	Acquisition Price	2023 Outstanding	2023 Exercisable
2014	14.03.2014	15.03.2015 – 13.03.2024	$9.169	**153,241**	**153,241**
2015	16.03.2015	16.03.2016 – 15.03.2025	$10.378	**107,559**	**107,559**
2016	16.03.2016	16.03.2017 – 15.03.2026	$8.814	**119,982**	**119,982**
2017	23.03.2017	23.03.2018 – 22.03.2027	$9.598	**253,122**	**253,122**
2018	22.03.2018	22.03.2019 – 21.03.2028	$13.340	**419,884**	**419,884**
				1,053,788	**1,053,788**

The carrying amount of the liability recognised on the Group's balance sheet related to the above options at 31 December 2023 is $3.9 million (31 December 2022: $6.3 million).

As at 31 December 2023, the weighted average remaining contractual life of outstanding options was 2.9 years (2022: 2.9 years). There were 43,512 options held by directors of the Company as at 31 December 2023 (2022: nil).

27.2 OCBC Deferred Share Plan ("DSP")

The OCBC Deferred Share Plan (DSP) aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of OCBC. OCBC Group Executive Director selected by the OCBC Group Remuneration Committee, are eligible to participate in the DSP.

Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the DSP. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

OCBC adopted the OCBC Deferred Share Plan 2021 (DSP 2021) on 29 April 2021 to replace the DSP, which was terminated on the same day. The termination of the DSP does not affect the awards which have been granted, whether such awards have been released (whether fully or partially) or not. By implementing the DSP 2021, which permits new ordinary shares to be issued, OCBC has greater flexibility in its methods for delivery of ordinary shares, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares).

During the financial year, 429,882 (2022: 567,100) OCBC ordinary shares were granted to eligible executives of GEH Group under the DSP, of which none (2022: nil) were granted to a director of the Company.

Total awards of 90,119 (2022: 70,315) ordinary shares, which none (2022: nil) ordinary shares to directors of the Company, were granted to eligible executives of the Group and the Company under the DSP for the financial year ended 31 December 2023. The fair value of the shares at grant date was $5.4 million (2022: $6.5 million).

Notes to the Financial Statements

27 EXECUTIVES' SHARE OPTION SCHEME (continued)

27.3 OCBC Employee Share Purchase Plan ("ESP")

The OCBC Employee Share Purchase Plan (ESP Plan) was implemented for all employees of the participating companies in OCBC Group, including executive Directors.

The ESP Plan is a saving-based share ownership plan to help employees own ordinary shares in OCBC through their monthly contributions via deductions from payroll and/or from Central Provident Fund. The employees have the option to convert the contributions to ordinary shares after one year or to withdraw the contributions at any time. As a further incentive to employees to enrol in the ESP Plan, OCBC pays interest on the amounts saved at a preferential interest rate. The duration of the offering period is 24 months.

In July 2023, OCBC launched its eighteenth offering of ESP Plan for OCBC Group employees, which commenced on 1 September 2023 and will expire on 31 August 2025. Under the offering, OCBC granted 1,030,817 (2022: 1,023,893) rights to acquire ordinary shares in the Bank. The fair value of the rights, determined using the binomial valuation model was $0.8 million (2022: $0.9 million). Significant inputs to the valuation model are set out below.

	2023	2022
Acquisition price ($)	**12.47**	12.07
Share price ($)	**12.94**	12.24
Expected volatility based on historical volatility as of acceptance date (%)	**12.97**	16.51
Singapore government bond yields (%)	**3.36**	2.45
Expected dividend yield (%)	**4.91**	4.05

A summary of the movement in the number of acquisition rights of the ESP Plan issued to GEH Group's employees is as follows:

	2023		2022	
	Number of Subscription Rights	**Weighted Average Subscription Price**	Number of Subscription Rights	Weighted Average Subscription Price
At 1 January	**1,853,893**	**$11.837**	2,241,236	$10.253
Subscriptions on commencement of plan	**1,030,817**	**$12.470**	1,023,893	$12.070
Exercised	**(859,390)**	**$11.603**	(1,066,832)	$9.054
Lapsed / Forfeited	**(261,708)**	**$12.101**	(344,404)	$10.840
At 31 December	**1,763,612**	**$12.282**	1,853,893	$11.837
Average share price underlying acquisition rights exercised during the financial year		**$12.649**		$11.986

As at 31 December 2023, the weighted average remaining contractual life of outstanding acquisition rights was 1.2 years (2022: 1.2 years). No director of GEH Group has acquisition rights under the ESP Plan (2022: nil).

Notes to the Financial Statements

28 OTHER MATTERS

in Singapore Dollars (millions)	Group 2023	Group 2022
28.1 Capital commitments		
Commitments for capital expenditure not provided for in the financial statements:		
– investment properties	**11.0**	15.3
– property, plant and equipment	**107.0**	77.1
	118.0	92.4
28.2 Investment commitments		
Commitments for investments not provided for in the financial statements:		
– private equity	**945.6**	921.6
– private real estate investment trust ("REITs")	**359.4**	484.9
– private debt	**250.6**	–
– loans	**10.5**	7.9
	1,566.1	1,414.4
28.3 Minimum Lease Receivable		
Future minimum lease receivable under non-cancellable operating leases are as follows as of 31 December:		
Within one year	**40.2**	43.4
After one year but not more than five years	**27.0**	28.5
	67.2	71.9

28.4 Acquisition of AmMetLife Insurance Berhad and AmMetLife Takaful Berhad by Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern Takaful Berhad

On 2 October 2023, the Group's subsidiaries, Great Eastern Life Assurance (Malaysia) Berhad ("GELM") and Great Eastern Takaful Berhad ("GETB") entered into an implementation agreement with AMAB Holdings Sdn Bhd ("AMAB") (a wholly-owned subsidiary of AMMB Holdings Berhad ("AMMB")) and MetLife International Holdings, LLC ("MetLife"), in relation to the proposed acquisition by GELM and GETB of 100% of the shares in AmMetLife Insurance Berhad ("AML") and AmMetLife Takaful Berhad ("AMT") respectively.

In addition, the proposed acquisition will see GELM and GETB, together with AML and AMT respectively, entering into exclusive twenty-year bancassurance and bancatakaful agreements for the distribution of life insurance and family takaful products through the distribution network of AMMB's banking subsidiaries. The consideration for the proposed acquisition and exclusive twenty-year distribution partnership is approximately RM1,121 million (approximately SGD325 million). The proposed acquisition is subject to regulatory and other relevant approvals and is expected to be completed in the first half of 2024.

Notes to the Financial Statements

29 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its related parties in the normal course of business.

29.1 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
in Singapore Dollars (millions)	**2023**	2022	**2023**	2022
Fees and commission and other income received from:				
– holding company	**1.6**	12.0	**–**	–
– related parties of the holding company	**16.6**	27.3	**–**	–
Premiums received from key management personnel	**0.9**	1.3	**–**	–
Fees and commission expense paid to:				
– holding company	**185.9**	242.6	**–**	–
– related parties of the holding company	**48.0**	52.1	**–**	–
Interest income received from:				
– holding company	**5.5**	2.0	**0.1**	–
– related parties of the holding company	**3.5**	8.7	**–**	–
Interest expense paid to holding company	**0.5**	0.2	**–**	–
Rental income received from:				
– related parties of the holding company	**0.2**	0.3	**–**	–
Other expenses paid to:				
– holding company	**8.2**	11.7	**–**	–
– related parties of the holding company	**9.9**	10.8	**–**	–
– associate	**1.3**	0.5	**–**	–
Dividend income from subsidiaries	**–**	–	**335.8**	153.4

29.2 Balance sheet balances with related parties

Balance sheet balances with related parties as at 31 December are as follows:

Cash and cash equivalents held with:				
– holding company	**786.4**	938.3	**25.7**	20.4
– related parties of the holding company	**232.5**	319.4	**–**	–
Investments in debt securities of:				
– related parties of the holding company	**105.3**	114.9	**–**	–
Derivative financial assets held with:				
– holding company	**312.8**	365.0	**–**	–
Derivative financial liabilities held with:				
– holding company	**18.0**	82.8	**–**	–

Outstanding balances at balance sheet date are unsecured and interest free. Settlement will take place in cash.

There was no provision for doubtful debts at the balance sheet date and no bad debt expense for the year (31 December 2022: nil).

Notes to the Financial Statements

29 RELATED PARTY TRANSACTIONS (continued)

in Singapore Dollars (millions)	Group		Company	
	2023	2022	2023	2022
29.3 Compensation of key management personnel				
Short-term employee benefits	**27.5**	29.0	**2.6**	2.1
Other long-term benefits	**0.8**	1.2	**–**	–
Central Provident Fund/Employee Provident Fund	**1.3**	1.3	**–**	–
Share-based payments	**4.5**	4.7	**–**	–
	34.1	36.2	**2.6**	2.1
Comprises amounts paid to:				
Directors of the Company	**3.8**	3.3	**2.6**	2.1
Other key management personnel	**30.3**	32.9	**–**	–
	34.1	36.2	**2.6**	2.1

30 SEGMENTAL INFORMATION

(1) By Business Segments

in Singapore Dollars (millions)	Group									
	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations [1]		Consolidated	
	2023	2022 (restated)	2023	2022 (restated)	2023	2022 (restated)	2023	2022 (restated)	2023	2022 (restated)
Insurance revenue	**–**	–	**423.9**	398.7	**5,837.3**	5,627.2	**(1.3)**	(1.4)	**6,259.9**	6,024.5
Insurance service expenses	**–**	–	**(292.0)**	(387.9)	**(4,810.8)**	(4,740.2)	**52.3**	44.4	**(5,050.5)**	(5,083.7)
Net expenses from reinsurance contracts held	**–**	–	**(101.8)**	(2.5)	**(532.8)**	(128.3)	**–**	–	**(634.6)**	(130.8)
Insurance service result	**–**	–	**30.1**	8.3	**493.7**	758.7	**51.0**	43.0	**574.8**	810.0
Interest revenue on										
Financial assets not measured at FVTPL	**99.1**	71.8	**15.1**	12.0	**604.6**	407.7	**–**	–	**718.8**	491.5
Financial assets measured at FVTPL	**30.2**	25.6	**2.0**	2.4	**1,632.6**	1,626.3	**–**	–	**1,664.8**	1,654.3
Other investment revenue/(loss)	**54.9**	(102.9)	**1.6**	0.5	**3,440.6**	(6,941.1)	**–**	–	**3,497.1**	(7,043.5)
(Increase)/decrease in provision for impairment of financial assets	**(0.1)**	(3.8)	**(0.7)**	0.3	**(12.8)**	(25.2)	**–**	–	**(13.6)**	(28.7)
Change in third-party interests in consolidated investment funds	**(1.2)**	0.2	**–**	–	**–**	–	**–**	–	**(1.2)**	0.2
Net investment income/(loss)	**182.9**	(9.1)	**18.0**	15.2	**5,665.0**	(4,932.3)	**–**	–	**5,865.9**	(4,926.2)
Finance (expenses)/income from insurance contracts issued	–	–	**(22.4)**	(6.1)	**(5,245.4)**	5,020.7	**14.0**	13.8	**(5,253.8)**	5,028.4
Finance income from reinsurance contracts held	**–**	–	**9.0**	4.1	**5.6**	12.7	**–**	–	**14.6**	16.8
Net insurance financial result	**–**	–	**(13.4)**	(2.0)	**(5,239.8)**	5,033.4	**14.0**	13.8	**(5,239.2)**	5,045.2
Net insurance and investment result	**182.9**	(9.1)	**34.7**	21.5	**918.9**	859.8	**65.0**	56.8	**1,201.5**	929.0
Fees and other income	**443.1**	430.9	**–**	–	**–**	–	**(424.1)**	(394.8)	**19.0**	36.1
Other expenses	**(435.6)**	(426.9)	**–**	(0.8)	**(73.5)**	(65.4)	**359.1**	338.0	**(150.0)**	(155.1)
Other income and expenses	**7.5**	4.0	**–**	(0.8)	**(73.5)**	(65.4)	**(65.0)**	(56.8)	**(131.0)**	(119.0)
Profit/(loss) before income tax	**190.4**	(5.1)	**34.7**	20.7	**845.4**	794.4	**–**	–	**1,070.5**	810.0
Income tax expense	**(46.0)**	(34.9)	**(7.0)**	(4.4)	**(228.3)**	(158.0)	**–**	–	**(281.3)**	(197.3)
Profit/(loss) after income tax	**144.4**	(40.0)	**27.7**	16.3	**617.1**	636.4	**–**	–	**789.2**	612.7

(1) Inter-segment income and expenses comprising mainly dividend and management fee income are eliminated on consolidation.

Notes to the Financial Statements

30 SEGMENTAL INFORMATION (continued)

(1) By Business Segments (continued)

in Singapore Dollars (millions)	Group									
	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations [1]		Consolidated	
	2023	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)
Other material items:										
Staff costs and related expenses	**42.7**	43.1	**41.9**	36.1	**414.3**	318.6	**0.7**	1.1	**499.6**	398.9
Rental expense	**2.3**	2.4	**1.3**	1.4	**23.5**	24.8	**(22.9)**	(24.7)	**4.2**	3.9
Non-cash items:										
Depreciation and amortisation expenses	**4.0**	5.0	**4.4**	4.8	**79.4**	78.2	**–**	–	**87.8**	88.0
Increase/(decrease) in provision for impairment of financial assets	**0.1**	3.8	**0.7**	(0.3)	**12.8**	25.2	**–**	–	**13.6**	28.7
Changes in fair value of investments:										
– through profit or loss statement	**71.2**	(95.2)	**1.3**	2.6	**2,868.1**	(7,644.5)	**–**	–	**2,940.6**	(7,737.1)
– through equity	**57.4**	(267.0)	**8.4**	(19.2)	**354.6**	(1,238.2)	**–**	–	**420.4**	(1,524.4)
Assets and liabilities:										
Segment assets	**7,516.4**	5,891.2	**966.8**	1,001.3	**100,440.2**	97,788.5	**(1.3)**	(1.3)	**108,922.1**	104,679.7
Investments in associate	**95.1**	122.5	**–**	–	**–**	–	**–**	–	**95.1**	122.5
Deferred tax assets	**10.6**	43.6	**2.2**	6.8	**3.8**	2.9	**–**	–	**16.6**	53.3
Total assets	**7,622.1**	6,057.3	**969.0**	1,008.1	**100,444.0**	97,791.4	**(1.3)**	(1.3)	**109,033.8**	104,855.5
Segment liabilities	**130.1**	125.6	**789.6**	842.4	**99,691.8**	96,267.9	**–**	–	**100,611.5**	97,235.9
Income tax and deferred tax liabilities	**36.7**	102.6	**(1.8)**	–	**398.4**	241.7	**–**	–	**433.3**	344.3
Total liabilities	**166.8**	228.2	**787.8**	842.4	**100,090.2**	96,509.6	**–**	–	**101,044.8**	97,580.2
Other segment information:										
Additions to non-current assets										
– property, plant and equipment	**1.7**	0.7	**0.7**	1.3	**32.6**	11.9	**–**	–	**35.0**	13.9
– investment properties	**–**	–	**–**	–	**1.1**	1.0	**–**	–	**1.1**	1.0
– goodwill and intangible assets	**2.6**	2.0	**2.6**	4.7	**52.4**	49.3	**–**	–	**57.6**	56.0

[1] Inter-segment income and expenses comprising mainly dividend and management fee income are eliminated on consolidation.

(2) By Geographical Segments

in Singapore Dollars (millions)	Group									
	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2023	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)
Insurance revenue from customers	**3,202.3**	3,027.3	**2,819.0**	2,802.9	**239.9**	195.7	**(1.3)**	(1.4)	**6,259.9**	6,024.5
Dividend from subsidiaries	**295.4**	300.5	**–**	–	**–**	–	**(295.4)**	(300.5)	**–**	–
Total revenue	**3,497.7**	3,327.8	**2,819.0**	2,802.9	**239.9**	195.7	**(296.7)**	(301.9)	**6,259.9**	6,024.5
Profit after income tax	**683.0**	512.3	**374.9**	357.8	**26.7**	43.1	**(295.4)**	(300.5)	**789.2**	612.7
Non-current assets	**2,152.9**	2,160.2	**439.2**	470.1	**13.4**	17.2	**–**	–	**2,605.5**	2,647.5

Non-current assets information presented above consist of intangible assets, investment properties, property, plant and equipment and deferred tax assets as presented in the consolidated balance sheet.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

Governance framework

Managing risk is an integral part of the Group's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Group shall:

- Operate within parameters and limits that are calibrated to the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

Group Risk Management department spearheads the development and implementation of the ERM Framework for the Group.

The Board is responsible for overseeing the Group's risk exposure and management matters. The Board may delegate this responsibility to the Risk Management Committee ("RMC") and Senior Management for the execution of these initiatives. At the Group level, detailed risk management and oversight activities are undertaken by the following Group Management committees, all of which are chaired by the Group Chief Executive Officer and comprise key Senior Management Executives:

- Group Management Committee ("GMC")
- Group Asset-Liability Committee ("Group ALC")
- Group Investment Committee ("Group IC")
- Group Product Management and Approval Committee ("Group PMAC")
- Group Technology Strategy Committee ("Group TSC")

GMC is responsible for providing leadership, direction and functional oversight on all matters including sustainability performance of the Group. In addition to complying with regulatory requirements, the GMC is also responsible for ensuring compliance and alignment with Group standards and guidelines. The GMC is supported by the Group IC, Group ALC, Group PMAC, Group TSC, Local Senior Management Team ("SMT"), Local ALC, Local Product Development Committee ("PDC") and Local IT Steering Committee ("ITSC").

Group IC is responsible for overseeing all investment management activities of the Group and ensuring that the interests and rights of policyholders are not compromised.

Group ALC is responsible for balance sheet management. Specifically, Group ALC reviews and formulates frameworks, policies, processes and methodologies relating to balance sheet management. Group ALC is supported by the Local ALC.

Group TSC is responsible for assisting GMC in providing the overall strategic direction and approval of all IT related issues and initiatives, including the digitalisation and transformation programs to support the Group's strategic growth into the future. Group TSC is supported by Local ITSC.

Group PMAC is responsible for reviewing, approving and managing new and existing products, ensuring the business operates within the risk appetite in delivering the annual business targets. Local PDC is responsible for reviewing and endorsing new products at the local operating subsidiaries.

Regulatory framework

As set out in its Compliance Risk Management Framework, the Group operates its business on a sound and responsible basis, which entails compliance with the applicable laws, regulations, rules and standards.

Insurers are required to comply with the Insurance Act 1966 and relevant regulatory requirements, including requirements governing its investment activities. The responsibility for the formulation, establishment and approval of the policy for the investment of the funds rests with the respective Board of Directors ("Board"). The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The objectives of GEH's capital management policy are to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

The Group had no significant changes in the policies and processes relating to its capital structure during the year.

Regulatory Capital

The Group and its insurance subsidiaries are required to comply with the capital requirements prescribed by the Insurance Regulations of the jurisdictions in which they operate. The Capital Adequacy Ratios of the Group and its insurance subsidiaries in Singapore, Malaysia and Indonesia remained well above the regulatory minimum ratios under the Risk-based Capital Frameworks established by the Monetary Authority of Singapore, Bank Negara Malaysia and Otoritas Jasa Keuangan, Indonesia respectively.

The Group's approach to capital management aims to maintain an adequate level of capital to meet regulatory requirements, including any additional amounts required by the regulators of the Group and its insurance subsidiaries. This involves managing asset liability decisions and the associated risks in a coordinated way by assessing and monitoring the available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking appropriate actions to adjust the asset liability position of the Group and/or its subsidiaries in light of changes in economic conditions and risk characteristics.

The primary sources of capital of the Group are shareholders' equity. The Group defines available capital as the amount of assets in excess of liabilities measured in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate.

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

The following sections provide details of the Group's and Company's exposure to insurance and key financial risks, as well as the objectives, policies and processes for managing these risks.

There has been no change to the Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance Risk

The principal activity of the Group is the provision of insurance products and related financial advisory services. The products cover risks such as mortality, morbidity (health, disability, critical illness, personal accident), property and casualty, investment saving protection and wealth accumulation guarantees.

The Group's underwriting strategy is designed to ensure that risks are well diversified across the types of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes into account current health conditions and family medical history, regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also established to enforce appropriate risk selection criteria. For example, the Group has the right to reject renewal of insurance policy, impose deductibles and reject payment of fraudulent claims.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

Risks inherent in the Group's activities include but are not limited to the following:

Insurance Risks of Life Insurance Contracts

Insurance risks arise when the Group underwrites insurance contracts. While insurance risks may not vary significantly across the geographical locations in which the Group currently operates, the types of risks insured, assumptions used in pricing the insurance products and subsequent setting aside of provisions may give rise to potential shortfalls in provision for future claims and expenses when actual claims experience are worse than projections. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

The Group utilises reinsurance to manage the mortality and morbidity risks. The Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance is structured according to the type of risk insured. Catastrophe reinsurance is procured to limit catastrophic losses.

In general, reinsurance business will only be given to reinsurers with a minimum credit rating of S&P A- or equivalent. The Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses and ensures that the policies, guidelines and limits established for managing the risks remain adequate and appropriate.

A substantial portion of the Group's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment portfolios perform below expectations, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for the Group is limited only to the underwriting aspect as all investment risks are borne by policyholders. Nevertheless, the fees earned by the Group for managing the investment-linked funds would fluctuate with the changes in underlying fund values.

Stress testing is performed at least once a year to assess the solvency of the life insurance fund under various stress scenarios. The stress scenarios include regulatory prescribed scenarios, as well as scenarios depicting drastic changes in key parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

Insurance Risks of Life Insurance Contracts (continued)

TABLE 31(A): The table below sets out the concentration of the insurance contract liabilities by distribution of various life insurance risk as at the balance sheet date:

(i) by Class of business:

in Singapore Dollar (millions)	Gross	Reinsurance	Net
2023			
Whole life	**59,278.6**	**(10.0)**	**59,268.6**
Endowment	**35,797.7**	**(63.8)**	**35,733.9**
Term	**1,831.7**	**(272.7)**	**1,559.0**
Annuity	**385.0**	**–**	**385.0**
Others	**77.9**	**–**	**77.9**
Total	**97,370.9**	**(346.5)**	**97,024.4**
2022 (restated)			
Whole life	55,723.3	(37.1)	55,686.2
Endowment	35,924.5	(59.5)	35,865.0
Term	1,745.8	(270.3)	1,475.5
Annuity	400.3	–	400.3
Others	6.3	0.5	6.8
Total	93,800.2	(366.4)	93,433.8

(ii) by Country:

in Singapore Dollar (millions)	Gross	Reinsurance	Net
2023			
Singapore	**70,520.7**	**(337.0)**	**70,183.7**
Malaysia	**25,603.9**	**(8.7)**	**25,595.2**
Others	**1,246.3**	**(0.8)**	**1,245.5**
Total	**97,370.9**	**(346.5)**	**97,024.4**
2022 (restated)			
Singapore	66,770.5	(317.8)	66,452.7
Malaysia	25,964.8	(44.8)	25,920.0
Others	1,064.9	(3.8)	1,061.1
Total	93,800.2	(366.4)	93,433.8

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

Insurance Risks of Life Insurance Contracts (continued)

The sensitivity analysis below shows the impact of changes in key parameters on the value of insurance contract liabilities, and hence on the Profit or Loss Statement and shareholders' equity.

Sensitivity analysis produced are based on parameters set out as follows:

		Change in assumptions
(a)	Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b)	Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c)	Scenario 3 – Health and Disability	+ 25% for all future years
(d)	Scenario 4 – Health and Disability	– 25% for all future years
(e)	Scenario 5 – Lapse and Surrender rates	+ 25% for all future years
(f)	Scenario 6 – Lapse and Surrender rates	– 25% for all future years
(g)	Scenario 7 – Expenses	+ 30% for all future years

TABLE 31(B1): Profit/(loss) after tax and shareholders' equity sensitivity for the Singapore segment:

Impact on 1-year's Profit/(loss) after tax and shareholders' equity

	Impact on Profit/(Loss) After Tax			Impact on Equity		
in Singapore Dollars (millions)	Gross Impact	Reinsurance Ceded	Net Impact	Gross Impact	Reinsurance Ceded	Net Impact
2023						
Scenario 1 – Mortality and Major Illness	**(651.6)**	**314.8**	**(336.8)**	**(596.0)**	**289.6**	**(306.4)**
Scenario 2 – Mortality and Major Illness	**155.9**	**(81.0)**	**74.9**	**81.9**	**(48.8)**	**33.1**
Scenario 3 – Health and Disability	**(113.9)**	**8.2**	**(105.7)**	**(139.1)**	**26.8**	**(112.3)**
Scenario 4 – Health and Disability	**81.6**	**(1.2)**	**80.4**	**106.9**	**(19.8)**	**87.1**
Scenario 5 – Lapse and Surrender rates	**(41.0)**	**(27.6)**	**(68.6)**	**(21.4)**	**(25.5)**	**(46.9)**
Scenario 6 – Lapse and Surrender rates	**(24.6)**	**61.6**	**37.0**	**(50.4)**	**58.9**	**8.5**
Scenario 7 – Expenses	**(176.5)**	**17.0**	**(159.5)**	**(177.8)**	**17.0**	**(160.8)**
2022 (restated)						
Scenario 1 – Mortality and Major Illness	(467.3)	202.5	(264.8)	(392.8)	160.3	(232.5)
Scenario 2 – Mortality and Major Illness	93.6	(20.5)	73.1	6.1	32.7	38.8
Scenario 3 – Health and Disability	(79.1)	2.3	(76.8)	(117.8)	27.0	(90.8)
Scenario 4 – Health and Disability	57.8	(0.1)	57.7	96.5	(24.9)	71.6
Scenario 5 – Lapse and Surrender rates	(53.9)	(7.5)	(61.4)	(37.6)	(5.2)	(42.8)
Scenario 6 – Lapse and Surrender rates	47.4	12.9	60.3	32.1	10.3	42.4
Scenario 7 – Expenses	(111.6)	6.2	(105.4)	(113.3)	6.2	(107.1)

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk (continued)

Insurance Risks of Life Insurance Contracts (continued)

TABLE 31(B2): Profit/(loss) after tax and shareholders' equity sensitivity for the Malaysia segment:

Impact on 1-year's Profit/(loss) after tax and equity

in Singapore Dollars (millions)	Impact on Profit/(Loss) After Tax			Impact on Equity		
	Gross Impact	Reinsurance Ceded	Net Impact	Gross Impact	Reinsurance Ceded	Net Impact
2023						
Scenario 1 – Mortality and Major Illness	**(187.1)**	**37.8**	**(149.3)**	**(215.6)**	**48.3**	**(167.3)**
Scenario 2 – Mortality and Major Illness	**32.7**	**(8.1)**	**24.6**	**58.1**	**(17.1)**	**41.0**
Scenario 3 – Health and Disability	**(230.7)**	**11.4**	**(219.3)**	**(312.0)**	**12.4**	**(299.6)**
Scenario 4 – Health and Disability	**18.7**	**(1.5)**	**17.2**	**117.9**	**(2.5)**	**115.4**
Scenario 5 – Lapse and Surrender rates	**(54.5)**	**4.6**	**(49.9)**	**(75.2)**	**3.2**	**(72.0)**
Scenario 6 – Lapse and Surrender rates	**(7.2)**	**(0.5)**	**(7.7)**	**21.7**	**1.2**	**22.9**
Scenario 7 – Expenses	**(50.2)**	**3.1**	**(47.1)**	**(93.3)**	**3.1**	**(90.2)**
2022 (restated)						
Scenario 1 – Mortality and Major Illness	(212.6)	42.4	(170.2)	(238.9)	49.2	(189.7)
Scenario 2 – Mortality and Major Illness	34.1	(7.6)	26.5	61.4	(14.6)	46.8
Scenario 3 – Health and Disability	(234.7)	15.8	(218.9)	(303.7)	17.7	(286.0)
Scenario 4 – Health and Disability	17.4	(2.6)	14.8	100.5	(4.6)	95.9
Scenario 5 – Lapse and Surrender rates	(67.5)	6.2	(61.3)	(89.2)	5.1	(84.1)
Scenario 6 – Lapse and Surrender rates	(8.4)	(0.4)	(8.8)	22.0	1.1	23.1
Scenario 7 – Expenses	(55.4)	3.9	(51.5)	(91.3)	3.9	(87.4)

The above tables demonstrate the sensitivity of the Group's profit or loss after tax and equity to a change in actuarial valuation assumptions on an individual basis with all other variables held constant.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

Insurance Risk of Non-Life Insurance Contracts

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the liability for remaining coverage and liability for incurred claims, as set out under Note 13 of the financial statements.

TABLE 31(C1): The table below sets out the distribution of the various categories of the non-life insurance risk for insurance contract liabilities as at the balance sheet date:

(i) by Class of business:

	Non-life Insurance Contracts					
	As at 31 December 2023			As at 31 December 2022 (restated)		
in Singapore Dollars (millions)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Fire	118.1	(83.4)	34.7	118.2	(74.6)	43.6
Motor	93.7	(1.5)	92.2	89.9	(2.7)	87.2
Marine & aviation	22.1	(4.3)	17.8	25.4	(10.5)	14.9
Workmen's compensation	37.0	(10.6)	26.4	41.4	(12.5)	28.9
Personal accident & health	61.1	(8.4)	52.7	48.1	(6.1)	42.0
Miscellaneous	259.1	(193.9)	65.2	310.0	(254.3)	55.7
Total	591.1	(302.1)	289.0	633.0	(360.7)	272.3

(ii) by Country:

	Non-life Insurance Contracts					
	As at 31 December 2023			As at 31 December 2022 (restated)		
in Singapore Dollars (millions)	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Singapore	262.2	(120.9)	141.3	263.1	(121.2)	141.9
Malaysia	284.0	(164.6)	119.4	308.7	(206.2)	102.5
Indonesia	44.9	(16.6)	28.3	61.2	(33.3)	27.9
Total	591.1	(302.1)	289.0	633.0	(360.7)	272.3

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

Insurance Risk of Non-Life Insurance Contracts (continued)

Key Assumptions

Non-life insurance contract liabilities are determined based on claims experience, knowledge of existing events, terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, trends in historical claims, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by achieving a large and well-diversified portfolio of insurance contracts across various industries and geographical areas. The risks are further mitigated by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Comprehensive assessment of new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to further reduce the risk exposure of the Group. In addition, the Group further enforces a policy of active management and prompt pursuit of claims to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events such as hurricanes, earthquakes and flood damages.

Table 31(C2): The sensitivity analysis below shows the impact of changes in key assumptions on profit/(loss) after tax and equity.

in Singapore Dollars (millions)	Change in assumptions	Impact on Profit/(Loss) After Tax			Impact on Equity		
		Gross Impact	Reinsurance Ceded	Net Impact	Gross Impact	Reinsurance Ceded	Net Impact
As at 31 December 2023							
Risk adjustment	**+20%**	**(11.6)**	**7.3**	**(4.3)**	**(11.6)**	**7.3**	**(4.3)**
Loss ratio[1]	**+20%**	**(55.1)**	**20.4**	**(34.7)**	**(55.1)**	**20.4**	**(34.7)**
As at 31 December 2022 (restated)							
Risk adjustment	+20%	(14.5)	9.6	(4.9)	(16.1)	10.1	(6.0)
Loss ratio[1]	+20%	(39.5)	10.0	(29.5)	(59.9)	21.0	(38.9)

The above tables demonstrate the sensitivity of the Group's profit or loss after tax and equity to a change in actuarial valuation assumptions on an individual basis with all other variables held constant.

(1) Best estimate reserves and current accident year payments.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk *(continued)*

TABLE 31(C3): The table below shows the cumulative claims estimates, at each balance sheet date, together with cumulative payments to date.

Gross non-life liabilities for incurred claims as at 31 December 2023:

in Singapore Dollars (millions)	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of cumulative claims									
Accident Year	187.7	203.8	174.0	206.2	254.7	233.5	242.3	233.2	
One year later	203.4	201.6	154.0	215.1	228.9	210.4	205.9	–	
Two years later	200.7	182.2	146.9	217.8	259.0	201.8	–	–	
Three years later	195.3	186.5	230.0	221.3	179.3	–	–	–	
Four years later	194.2	187.5	230.3	194.8	–	–	–	–	
Five years later	193.6	185.2	221.5	–	–	–	–	–	
Six years later	189.7	167.8	–	–	–	–	–	–	
Seven years later	154.8	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**154.8**	**167.8**	**221.5**	**194.8**	**179.3**	**201.8**	**205.9**	**233.2**	
Cumulative payments	**153.3**	**159.0**	**129.9**	**170.0**	**138.4**	**159.5**	**139.2**	**84.6**	
Non-life gross claims liabilities	**1.5**	**8.8**	**91.6**	**24.8**	**40.9**	**42.3**	**66.7**	**148.6**	**425.2**
Gross claim liabilities – prior years									**7.4**
Effect of discounting									**(13.3)**
Effect of the risk adjustment margin for non-financial risk									**47.9**
Non-life liabilities for incurred claims, gross									**467.2**

Net non-life liabilities for incurred claims as at 31 December 2023:

in Singapore Dollars (millions)	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of cumulative claims									
Accident Year	100.2	116.7	112.5	114.2	101.5	96.3	124.4	138.2	
One year later	101.6	118.4	107.2	109.8	98.1	90.6	116.0	–	
Two years later	100.1	114.7	105.1	112.9	93.5	87.2	–	–	
Three years later	96.9	113.5	106.6	112.7	88.3	–	–	–	
Four years later	95.9	113.3	106.2	107.9	–	–	–	–	
Five years later	95.7	110.8	102.1	–	–	–	–	–	
Six years later	93.3	107.1	–	–	–	–	–	–	
Seven years later	91.3	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**91.3**	**107.1**	**102.1**	**107.9**	**88.3**	**87.2**	**116.0**	**138.2**	
Cumulative payments	**90.8**	**104.7**	**96.7**	**99.2**	**78.2**	**74.4**	**85.1**	**57.7**	
Non-life net claims liabilities	**0.5**	**2.4**	**5.4**	**8.7**	**10.1**	**12.8**	**30.9**	**80.5**	**151.3**
Net claim liabilities – prior years									**4.6**
Non-performing risk									**5.5**
Effect of discounting									**(3.8)**
Effect of the risk adjustment margin for non-financial risk									**10.7**
Others									**10.6**
Non-life liabilities for incurred claims, net									**178.9**

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk

Market risk arises when market values of assets and liabilities are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates, equity prices and prices of alternative investment assets can impact present and future earnings of the insurance operations, as well as shareholders' equity.

The Group is exposed to market risk through its investment portfolios, as well as in the mismatches between assets and liabilities of the Insurance Funds. In the case of the third-party funds managed by Lion Global Investors, investment risks are borne by investors and the Group does not assume any liability in the event of occurrence of loss or write-down in market valuations.

Group ALC, Group IC and Local ALCs actively manage market risks through the setting of investment policies and asset allocations, approving portfolio construction, risk measurement methodologies, as well as hedging and alternative risk transfer strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Group's risk appetite and in line with the Group's management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Group in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit risk, alternative investment risk and liquidity risk, is briefly described below:

(a) ***Interest rate risk (including asset liability mismatch).*** The Group is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur economic losses when interest rates rise. Given the long duration of policy liabilities and the uncertainties in the cash flows of Insurance Funds, it is not possible to hold assets with duration that perfectly matches the duration of the policy liabilities. This results in interest rate risk and asset liability mismatch risk, and these risks are managed and monitored by Group ALC and Local ALCs.

Where the liabilities of the portfolios are predominantly measured using the VFA and the backing assets are measured using the FVTPL, the changes in liabilities due to interest rates are expected to closely match the changes in assets.

For portfolios whose liabilities are predominantly measured using the GMM and Modified GMM, and elect to disaggregate the insurance finance income and expenses between Profit or Loss and Other Comprehensive Income, the backing assets would also elect a similar option. Therefore, the effect of changes in assets due to interest rates are also expected to closely match changes in liabilities in profit or loss.

Managing interest rate benchmark reform

i) *Overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBOR) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has moderate exposure to IBORs on its financial instruments that will be reformed as part of this market-wide initiative. Most reforms affecting the Group had been completed by the end of 2021. However, the transition deadlines for USD LIBOR and SIBOR have been extended to end June 2023 and end December 2024 respectively, hence some instruments referencing these rates may not be transited until those dates. In 2023, Federal Libor Act came into force, establishing benchmark replacements for contracts governed by U.S. law that reference certain tenors of U.S. dollar LIBOR, which will assist with the transition for tough legacy contracts with no fallback arrangements.

The Group anticipates that IBOR reform will have low to moderate operational, risk management and accounting impacts across all of its business lines. The main risks to which the Group is exposed as a result of IBOR reform are operational. For example, the bilateral renegotiation with private debt issuers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

***Market, Credit and Liquidity Risk** (continued)*

(a) *Interest rate risk (including asset liability mismatch)* *(continued)*

Managing interest rate benchmark reform (continued)

i) Overview (continued)

The Group established a cross-functional IBOR Working Group to manage its transition to alternative rates. The objectives of the IBOR Working Group include evaluating the extent to which fixed income holdings, derivatives and liabilities reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

ii) Non-derivative financial assets

The Group's IBOR exposures on bonds/FRNs holdings include SGD Swap Offer Rate ("SOR"), USD LIBOR, EUR LIBOR and GBP LIBOR primarily at Great Eastern Life Singapore ("GELS").

The alternative reference rate for SOR and SIBOR is the Singapore Overnight Rate Average ("SORA"); and for USD LIBOR is the Secured Overnight Financing Rate (SOFR). The changes to the contractual terms of financial assets indexed to SOR, SIBOR, and USD LIBOR to incorporate new benchmark rates are still in progress as at 31 December 2023.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed non-derivative financial assets as at 31 December 2023. The amounts of trading assets and investment securities are shown at their carrying amounts.

	Group		
	Gross carrying amount		
in Singapore Dollars (millions)	SOR	USD LIBOR	Total
Debt securities	634.0	426.0	1,060.0

iii) Non-derivative financial liabilities

The Group does not have any floating-rate liabilities which would be impacted by the IBOR reform.

iv) Derivatives

The Group holds derivatives for risk management and efficient portfolio management purposes, and are not designated in hedging relationships. The instruments used principally include interest rate, cross-currency, and total return swaps, which have floating legs that are indexed to various IBORs. Typically, derivative transactions that reference interest rate benchmarks incorporate standard terms such as the 2006 ISDA Definitions published by ISDA. ISDA has reviewed such definitions in light of IBOR reform and issued an IBOR fallback protocol on 23 October 2020 and a supplement to amend the 2006 ISDA Definitions effective 25 January 2021. This sets out how the amendments to new alternative benchmark rates (e.g. SORA, SOFR) in the 2006 ISDA Definitions will be accomplished. The effect of the supplement is to create fallback provisions in derivatives that describe what floating rates will apply on the permanent discontinuation of certain key IBORs or on ISDA declaring a non-representative determination of an IBOR. The Group has adhered to the protocol to implement the fallbacks to derivative contracts that were entered into before the effective date of the supplement, where the existing derivative counterparties have also adhered to the protocol. All new derivative contracts entered into on or after the effective date of the supplement that reference the 2006 ISDA Definitions will also include the fallback.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(a) ***Interest rate risk (including asset liability mismatch)*** *(continued)*

Managing interest rate benchmark reform (continued)

iv) Derivatives (continued)

The following table shows the total amounts of unreformed derivative instruments as at 31 December 2023. For cross-currency swaps, the Group used the notional amount of the receive leg of the swap. The Group expects both legs of cross-currency swaps to be reformed simultaneously.

	Group	
	Notional amount	
in Singapore Dollars (millions)	SOR	Total
Derivatives	20.0	20.0

(b) ***Foreign exchange risk.*** The foreign exchange risk inherent in foreign currency fixed income portfolio is typically hedged using currency forwards and swaps wherever practical and cost-effective. Foreign exchange instruments are also used for efficient portfolio management.

The SGD and RM positions predominately arose from the entities within the Group with the same respective functional currencies.

Limits are set on the total amount of foreign currency (net of liabilities) to cap the Group's foreign exchange risk.

TABLE 31(D): The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies:

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
As at 31 December 2023					
FINANCIAL AND INSURANCE-RELATED ASSETS					
Financial assets at FVOCI					
Equity securities	152.8	246.3	427.3	1,079.7	1,906.1
Debt securities	6,441.3	1,955.8	4,864.0	734.1	13,995.2
Financial assets at FVTPL					
Equity securities	798.9	6,297.7	1,011.7	3,422.4	11,530.7
Debt securities	19,145.2	14,850.2	11,532.5	3,112.6	48,640.5
Other investments	9,307.5	215.7	8,089.2	1,632.5	19,244.9
Financial assets at amortised cost					
Debt securities	438.8	–	747.2	32.2	1,218.2
Derivative financial assets	19,513.0	2.2	(19,617.3)	1,066.0	963.9
Loans	201.0	120.6	–	189.4	511.0
Other debtors	342.2	206.2	409.9	106.9	1,065.2
Cash and cash equivalents	3,813.3	881.2	1,171.1	437.3	6,302.9
Insurance contract assets	6.5	11.1	8.1	13.9	39.6
Reinsurance contract assets	505.9	308.7	45.6	8.5	868.7
	60,666.4	25,095.7	8,689.3	11,835.5	106,286.9
FINANCIAL AND INSURANCE-RELATED LIABILITIES					
Other creditors	766.0	380.2	548.6	85.6	1,780.4
Derivative financial liabilities	(3,092.0)	(101.3)	(2,631.6)	6,004.6	179.7
Provision for agents' retirement benefits	1.6	296.0	–	–	297.6
Insurance contract liabilities	67,331.5	25,899.0	4,035.0	736.1	98,001.6
Reinsurance contract liabilities	91.4	135.2	(6.6)	0.1	220.1
	65,098.5	26,609.1	1,945.4	6,826.4	100,479.4

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(b) ***Foreign exchange risk.*** *(continued)*

TABLE 31(D): The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies (continued):

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
As at 31 December 2022 (restated)					
FINANCIAL AND INSURANCE-RELATED ASSETS					
Financial assets at FVOCI					
Equity securities	231.6	250.0	203.0	977.4	1,662.0
Debt securities	4,312.7	1,934.8	3,750.0	588.5	10,586.0
Financial assets at FVTPL					
Equity securities	878.6	6,608.1	668.1	3,336.2	11,491.0
Debt securities	20,252.5	14,140.2	11,253.3	3,346.2	48,992.2
Other investments	6,500.2	203.9	5,988.4	1,534.2	14,226.7
Financial assets at Amortised Cost					
Debt securities	804.1	–	995.0	3.4	1,802.5
Derivative financial assets	18,684.9	0.3	(15,907.1)	(2,016.4)	761.7
Loans	222.1	144.3	–	114.1	480.5
Other debtors	356.3	199.2	161.2	43.3	760.0
Cash and cash equivalents	6,819.6	1,509.4	886.1	392.8	9,607.9
Insurance contract assets	1.5	357.1	3.2	10.8	372.6
Reinsurance contract assets	473.3	665.6	51.2	18.6	1,208.7
	59,537.4	26,012.9	8,052.4	8,349.1	101,951.8
FINANCIAL AND INSURANCE-RELATED LIABILITIES					
Other creditors	739.2	341.7	88.9	53.4	1,223.2
Derivative financial liabilities	(978.7)	4.8	(1,502.1)	2,768.0	292.0
Provision for agents' retirement benefits	0.8	295.0	–	–	295.8
Insurance contract liabilities	63,693.5	26,630.6	3,865.7	616.0	94,805.8
Reinsurance contract liabilities	66.7	414.7	0.1	0.1	481.6
	63,521.5	27,686.8	2,452.6	3,437.5	97,098.4

The financial assets and financial liabilities of the Company are not material.

(c) ***Equity price risk.*** Exposure to equity price risk exists in investment assets through direct equity, equity derivatives and fund investments, where the Group, through investments, bears all or most of the equity volatility and investment risks. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of total equity holdings.

(d) ***Credit spread risk.*** Exposure to credit spread risk exists in the Group's bond investments and credit derivatives. Credit spread is the difference between the quoted yields of a credit and a government bond of the same maturity. Credit spreads widen when the default risk of credit bonds increases. Hence, widening credit spreads will result in mark-to-market losses in the Group's bond portfolio.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(e) ***Alternative investment risk.*** The Group is exposed to alternative investment risk through investments in real estate that it owns in Singapore and Malaysia, and through real estate funds, private equities, private debt, infrastructure and hedge funds. A monitoring process is established to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and Group IC.

(f) ***Commodity risk.*** The Group does not have any exposure to commodity risk.

(g) ***Liquidity risk.*** Liquidity risk arises when the Group is unable to meet its cash flow demands, or if the assets backing the liabilities cannot be sold quickly enough without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations via premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by surrender of insurance policies due to negative publicity, deterioration of the economy, adverse news on other companies in the same or similar lines of business, unanticipated policy claims, other unexpected cash demands from policyholders or derivative margin requirements.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are regularly monitored, and a reasonable amount of liquid assets are maintained at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are mitigated through product design, risk diversification, credit facilities, investment strategies and systematic monitoring. Surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends and reduces the sensitivity of surrenders to changes in interest rates.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(g) ***Liquidity risk.*** *(continued)*

Maturity Profile

TABLE 31(E1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Group's financial liabilities which are presented based on contractual undiscounted cash flows basis.

in Singapore Dollars (millions)	Carrying amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
As at 31 December 2023						
FINANCIAL ASSETS						
Financial assets at FVOCI						
Equity securities	1,906.1	–	–	–	1,906.1	1,906.1
Debt securities	13,995.2	2,957.2	5,899.2	9,556.7	–	18,413.1
Financial assets at FVTPL						
Equity securities	11,530.7	–	–	–	11,530.7	11,530.7
Debt securities	48,640.5	6,023.3	15,723.3	44,280.1	740.4	66,767.1
Other investments	19,244.9	–	–	–	19,244.9	19,244.9
Financial assets at Amortised Cost						
Debt securities	1,218.2	779.6	158.7	633.8	–	1,572.1
Derivative financial assets	963.9	852.9	77.5	33.5	–	963.9
Loans	511.0	95.5	435.6	12.1	–	543.2
Other debtors	1,065.2	1,060.0	4.4	0.8	–	1,065.2
Cash and cash equivalents	6,302.9	6,302.9	–	–	–	6,302.9
	105,378.6	18,071.4	22,298.7	54,517.0	33,422.1	128,309.2
FINANCIAL LIABILITIES						
Other creditors	1,780.4	1,738.9	5.4	0.2	35.9	1,780.4
Derivative financial liabilities	179.7	142.0	33.6	4.1	–	179.7
Provision for agents' retirement benefits	297.6	151.6	56.4	89.6	–	297.6
	2,257.7	2,032.5	95.4	93.9	35.9	2,257.7

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(g) ***Liquidity risk.*** *(continued)*

Maturity Profile (continued)

TABLE 31(E1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Group's financial liabilities which are presented based on contractual undiscounted cash flows basis. (continued)

in Singapore Dollars (millions)	Carrying amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
As at 31 December 2022 (restated)						
FINANCIAL ASSETS						
Financial assets at FVOCI						
Equity securities	1,662.0	–	–	–	1,662.0	1,662.0
Debt securities	10,586.0	957.7	5,165.4	9,502.8	–	15,625.9
Financial assets at FVTPL						
Equity securities	11,491.0	–	–	–	11,491.0	11,491.0
Debt securities	48,992.2	4,966.9	19,283.5	39,202.5	1,185.4	64,638.3
Other investments	14,226.7	–	–	–	14,226.7	14,226.7
Financial assets at Amortised Cost						
Debt securities	1,802.5	788.5	845.5	640.7	–	2,274.7
Derivative financial assets	761.7	640.9	80.1	40.7	–	761.7
Loans	480.5	113.7	395.0	14.3	–	523.0
Other debtors	760.0	756.7	1.5	1.6	0.2	760.0
Cash and cash equivalents	9,607.9	9,607.9	–	–	–	9,607.9
	100,370.5	17,832.3	25,771.0	49,402.6	28,565.3	121,571.2
FINANCIAL LIABILITIES						
Other creditors	1,223.2	1,183.1	4.4	0.3	35.4	1,223.2
Derivative financial liabilities	292.0	221.1	12.3	58.6	–	292.0
Provision for agents' retirement benefits	295.8	139.7	56.7	99.4	–	295.8
	1,811.0	1,543.9	73.4	158.3	35.4	1,811.0

The Company's financial assets and financial liabilities are not material.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(g) ***Liquidity risk.*** *(continued)*

Maturity Profile for insurance and reinsurance contract liabilities

TABLE 31(E2): The following tables show the maturity profile of insurance contracts issued and reinsurance contracts held that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

in Singapore Dollars (millions)	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
As at 31 December 2023							
Insurance contract liabilities	**15,644.9**	**5,091.2**	**2,266.5**	**2,197.3**	**3,013.1**	**58,825.7**	**87,038.7**
Reinsurance contract liabilities held	**56.8**	**8.1**	**10.8**	**11.5**	**12.0**	**172.8**	**272.0**
Total	**15,701.7**	**5,099.3**	**2,277.3**	**2,208.8**	**3,025.1**	**58,998.5**	**87,310.7**
As at 31 December 2022 (restated)							
Insurance contract liabilities	11,079.1	8,021.9	3,501.4	1,986.5	2,043.7	57,316.3	83,948.9
Reinsurance contract liabilities held	343.3	15.0	23.4	12.6	11.9	113.1	519.3
Total	11,422.4	8,036.9	3,524.8	1,999.1	2,055.6	57,429.4	84,468.2

Amounts payable on demand

The amounts payable on demand are as follows.

	2023		2022	
in Singapore Dollars (millions)	Amounts payable on demand	Carrying Amount	Amounts payable on demand	Carrying Amount
Universal life contracts	**3,493.2**	**3,692.5**	3,222.5	3,418.4
Investment-linked contracts	**8,439.7**	**8,966.0**	7,909.2	8,225.0
Participating contracts	**54,292.5**	**65,640.4**	54,544.7	63,781.5
Total	**66,225.4**	**78,298.9**	65,676.4	75,424.9

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(g) ***Liquidity risk.*** *(continued)*

Current/non-current classification of assets and liabilities

TABLE 31(E3): The following tables show the current/non-current classification of assets and liabilities:

in Singapore Dollars (millions)	Current*	Non-Current	Total
As at 31 December 2023			
ASSETS			
Cash and cash equivalents	6,302.9	–	6,302.9
Other debtors	1,076.4	35.1	1,111.5
Loans	86.9	424.1	511.0
Derivative financial assets	852.9	111.0	963.9
Investments	19,286.0	77,249.6	96,535.6
Deferred tax assets	3.3	13.3	16.6
Reinsurance contract assets	159.9	708.8	868.7
Insurance contract assets	37.9	1.7	39.6
Investment in associate	–	95.1	95.1
Intangible assets	45.3	167.2	212.5
Investment properties	–	1,880.7	1,880.7
Property, plant and equipment	43.8	451.9	495.7
	27,895.3	81,138.5	109,033.8
LIABILITIES			
Other creditors	1,824.6	87.9	1,912.5
Income tax payable	164.6	–	164.6
Derivative financial liabilities	142.0	37.7	179.7
Provision for agents' retirement benefits	19.5	278.1	297.6
Deferred tax liabilities	1.0	267.7	268.7
Reinsurance contract liabilities	61.6	158.5	220.1
Insurance contract liabilities	17,216.5	80,785.1	98,001.6
	19,429.8	81,615.0	101,044.8

* expected recovery or settlement within 12 months from the balance sheet date.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(g) ***Liquidity risk.*** *(continued)*

TABLE 31(E3): The following tables show the current/non-current classification of assets and liabilities (continued):

in Singapore Dollars (millions)	Current*	Non-Current	Total
As at 31 December 2022 (restated)			
ASSETS			
Cash and cash equivalents	9,607.9	–	9,607.9
Other debtors	757.3	63.8	821.1
Asset held for sale	72.6	–	72.6
Loans	103.3	377.2	480.5
Derivative financial assets	640.9	120.8	761.7
Investments	18,800.9	69,959.5	88,760.4
Deferred tax assets	20.6	32.7	53.3
Reinsurance contract assets	712.2	496.5	1,208.7
Insurance contract assets	190.2	182.4	372.6
Investment in associate	–	122.5	122.5
Intangible assets	42.6	161.0	203.6
Investment properties	–	1,881.2	1,881.2
Property, plant and equipment	45.6	463.8	509.4
	30,994.1	73,861.4	104,855.5
LIABILITIES			
Other creditors	1,264.1	96.6	1,360.7
Income tax payable	238.5	–	238.5
Derivative financial liabilities	221.1	70.9	292.0
Provision for agents' retirement benefits	19.9	275.9	295.8
Deferred tax liabilities	–	105.8	105.8
Reinsurance contract liabilities	351.1	130.5	481.6
Insurance contract liabilities	12,677.6	82,128.2	94,805.8
	14,772.3	82,807.9	97,580.2

* expected recovery or settlement within 12 months from the balance sheet date.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** Credit risk is the risk of loss arising from an obligor failing to discharge an obligation. The Group is mainly exposed to credit risk through (i) investments in cash, bonds and credit derivatives, (ii) corporate lending activities and (iii) exposure to counterparty's credit risk in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a downgrading of credit rating or credit default by the borrower or counterparty.

Group-wide credit risk is managed by Group ALC. The Group establishes internal limits by issuer and counterparty according to their investment credit rating which are actively monitored to manage the credit and concentration risk, and are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available information. The task of evaluating and monitoring credit risk at the subsidiary level is undertaken by Local ALCs.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is mitigated through counterparty limits that are reviewed and approved on an annual basis.

Credit risk arising from customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

The Group issues unit-linked investment policies in which the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk or market risk on unit-linked financial assets.

The loans in the Group's portfolio are generally secured by collateral, with a maximum loan-to-value ratio of 70%. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines on the collateral eligibility have been established, and all collaterals are revalued on a regular basis. Management monitors the market values of collaterals, requests additional collaterals when needed and performs an impairment valuation when applicable. The fair values of collaterals, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as tabulated below:

in Singapore Dollars (millions)	Type of Collateral	Carrying Amount	Fair Value
As at 31 December 2023			
Secured loans	**Properties**	**372.2**	**882.0**
	Others	**0.6**	**0.6**
Derivatives	**Cash**	**257.3**	**257.3**
		630.1	**1,139.9**
As at 31 December 2022			
Secured loans	Properties	291.8	545.4
	Others	0.2	0.2
Derivatives	Cash	186.1	186.1
		478.1	731.7

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

There were no securities lending arrangements as at 31 December 2023 (31 December 2022: nil).

As at the balance sheet date, no investments (2022: nil) were placed as collateral for currency hedging purposes.

The following table sets out information about the credit quality of loans and debt securities measured at amortised cost and debt securities measured at FVOCI. The maximum exposure is shown on a gross basis, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

For explanation of the terms: '12-month ECL', 'lifetime ECL' and 'credit-impaired', refer to Note 2.10.9.

	31 December 2023			
in Singapore Dollars (millions)	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and other receivables at amortised cost				
Investment Grade* (BBB to AAA)	400.8	116.4	–	517.2
Not Rated	2.1	–	47.2	49.3
	402.9	116.4	47.2	566.5
Loss allowance	(0.5)	(7.8)	(47.2)	(55.5)
Carrying amount	402.4	108.6	–	511.0
Debt securities at amortised cost				
Investment Grade* (BBB to AAA)	1,219.4	–	–	1,219.4
	1,219.4	–	–	1,219.4
Loss allowance	(1.2)	–	–	(1.2)
Carrying amount	1,218.2	–	–	1,218.2
Debt securities at FVOCI				
Investment Grade* (BBB to AAA)	13,944.8	48.6	–	13,993.4
Non Investment Grade* (C to BB)	–	1.8	–	1.8
	13,944.8	50.4	–	13,995.2

* Based on internal ratings grades which are equivalent to grades of external rating agencies.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

	31 December 2022 (restated)			
in Singapore Dollars (millions)	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and other receivables at amortised cost				
Investment Grade* (BBB to AAA)	373.2	112.1	–	485.3
Not Rated	1.7	–	36.7	38.4
	374.9	112.1	36.7	523.7
Loss allowance	(0.6)	(5.9)	(36.7)	(43.2)
Carrying amount	374.3	106.2	–	480.5
Debt securities at amortised cost				
Investment Grade* (BBB to AAA)	1,803.6	–	–	1,803.6
	1,803.6	–	–	1,803.6
Loss allowance	(1.1)	–	–	(1.1)
Carrying amount	1,802.5	–	–	1,802.5
Debt securities at FVOCI				
Investment Grade* (BBB to AAA)	10,404.3	79.1	–	10,483.4
Non Investment Grade* (C to BB)	–	5.3	–	5.3
Not Rated	97.3	–	–	97.3
	10,501.6	84.4	–	10,586.0

* Based on internal ratings grades which are equivalent to grades of external rating agencies.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

The following table sets out the credit analysis for financial assets and reinsurance contract assets that are not subjected to ECL:

in Singapore Dollars (millions)	Investment Grade* (BBB to AAA)	Non Investment Grade* (C to BB)	Not Rated	Not subject to credit risk	Total carrying amount
As at 31 December 2023					
Financial assets at FVOCI					
Equity securities	**–**	**–**	**–**	**1,906.1**	**1,906.1**
Financial assets at FVTPL					
Equity securities	**–**	**–**	**–**	**11,530.7**	**11,530.7**
Debt securities	**40,852.3**	**3,089.7**	**4,698.5**	**–**	**48,640.5**
Other investments	**–**	**–**	**–**	**19,244.9**	**19,244.9**
Derivative financial assets	**963.9**	**–**	**–**	**–**	**963.9**
Other debtors	**3.0**	**12.0**	**1,050.2**	**–**	**1,065.2**
Cash and cash equivalents	**5,672.9**	**–**	**630.0**	**–**	**6,302.9**
Reinsurance contract assets	**868.7**	**–**	**–**	**–**	**868.7**
	48,360.8	**3,101.7**	**6,378.7**	**32,681.7**	**90,522.9**
As at 31 December 2022 (restated)					
Financial assets at FVOCI					
Equity securities	–	–	–	1,662.0	1,662.0
Financial assets at FVTPL					
Equity securities	–	–	–	11,491.0	11,491.0
Debt securities	42,302.5	2,362.4	4,327.3	–	48,992.2
Other investments	–	–	–	14,226.7	14,226.7
Derivative financial assets	737.5	–	24.2	–	761.7
Other debtors	2.4	1.1	756.5	–	760.0
Cash and cash equivalents	8,024.0	–	1,583.9	–	9,607.9
Reinsurance contract assets	1,208.7	–	–	–	1,208.7
	52,275.1	2,363.5	6,691.9	27,379.7	88,710.2

The Company's financial assets are not material.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

Amounts arising from Expected Credit Losses ("ECL")

ECL provisioning is the setting of allowance for credit-impaired and non-credit impaired exposure in accordance to SFRS(I) 9 through forward-looking ECL models.

Measurement of ECL – Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are derived from statistical models internally developed by the Group.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ('12M PD'), or over the remaining lifetime ('Lifetime PD') of the obligation. PD estimates are derived from PD models that incorporate both quantitative and qualitative inputs, which are in turn derived from internally and externally compiled data. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

LGD is the magnitude of the likely loss incurred during a default. LGD is expressed as a percentage of loss per unit of exposure at the time of default and represents an estimate of the economic loss in the event of the default of the counterparty. Factors in determining LGDs include claim seniority, availability and quality of collateral, legal enforceability processes in the jurisdiction and industry of borrower and prevailing market conditions. They are estimates at a certain date and are derived using statistical models. These statistical models are developed using internally compiled data and incorporate both quantitative and qualitative factors. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

EAD represents the expected exposure in the event of a default. The Group derives the EAD based on the current exposure to the counterparty and potential future exposure.

The ECL is determined by the PD, LGD and EAD for each individual exposure. The ECLs are first determined from the product of these three components, which are then adjusted to take into account forward-looking information. The ECLs are finally discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Significant increase in credit risk

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default assessed at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information, which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an obligor's credit rating along the rating scale represents a change in the credit risk as measured by the change in PD.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

Significant increase in credit risk (continued)

The criteria for assessing whether credit risk has increased significantly will be determined by changes in 12M PDs and other qualitative factors. The credit risk of an obligor is deemed to have increased significantly since initial recognition if, based on the Group's quantitative model, the 12M PD is determined to have more than doubled since origination, except when the obligor remains within the investment grade ratings.

Using expert credit judgment and, where possible, relevant historical experience, the Group may determine that an obligor has undergone a significant increase in credit risk based on qualitative factors that are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Group uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

The Group considers an obligor to have relatively lower credit risk if it is of investment grade quality, taking into account both internal and external credit ratings.

Credit risk grades

The Group assigns each obligor to a credit risk grade that reflects the PD of the obligor. Credit risk grades are established based on qualitative and quantitative factors that are indicative of default risk. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the default risk increases as credit risk deteriorates. Each exposure is assigned with a credit risk grade at initial recognition, based on available information on the borrower. Obligors are subject to ongoing monitoring and review, and may be assigned with new credit risk grades that better reflects their creditworthiness. The monitoring typically involves the use of information obtained during periodic review, including published financial statements, external rating (where available), as well as qualitative information on an obligor's industry, competitive positioning, management, financial policy and financial flexibility.

Definition of default

The Group considers a financial asset to be in default by assessing the following criteria:

<u>Quantitative criteria</u>

For insurance receivables, the obligor is said to be in default if it fails to make contractual payments within 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). For bonds and loans, the obligor is said to be in default if it fails to meet its contractual obligation and there are non-payments on another debt obligation of the same issuer to the Group.

<u>Qualitative criteria</u>

The counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption or breach of material loan covenants not rectified within a given timeframe, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within given timeframe.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

Incorporating of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its ECL measurement. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECLs for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, and based on such information to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on PDs, EADs and LGDs has been determined via regression analyses.

In addition to the base economic scenario, the Group uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and their attributes are reviewed at each reporting date. At 31 December 2023, the Group concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert credit judgment, taking into account the range of possible outcomes presented by the chosen scenarios. The assessment of significant increase in credit risk is performed using the 12M PD under each scenario multiplied by the associated scenario weights. This determines whether the financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, the Group measures ECL as either a probability- weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and the actual outcomes may be significantly different from projected outcomes. The Group considers these forecasts being representative of the best estimates of the possible outcomes and has analysed the non-linear risks and asymmetries within the various portfolios of the Group to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group for the year ended 31 December 2023.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

in Singapore Dollars (millions)	Note	31 December 2023 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and other receivables at amortised cost					
Balance at the beginning of the year		0.6	5.9	36.7	43.2
Net remeasurement of loss allowance		–	1.9	10.5	12.4
New financial assets purchased		0.4	–	–	0.4
Financial assets that have been derecognised		(0.4)	–	–	(0.4)
Changes in models/risk parameters		(0.1)	–	–	(0.1)
Balance at the end of the year		0.5	7.8	47.2	55.5
Debt securities at amortised cost					
Balance at the beginning of the year		1.1	–	–	1.1
Net remeasurement of loss allowance		0.3	–	–	0.3
New financial assets purchased		0.2	–	–	0.2
Financial assets that have been derecognised		(0.4)	–	–	(0.4)
Balance at the end of the year		1.2	–	–	1.2
Debt securities at FVOCI					
Balance at the beginning of the year		8.2	11.7	2.8	22.7
Transfer to 12-month ECL		1.1	(1.1)	–	–
Additional losses due to transfer		(1.0)	–	–	(1.0)
Net remeasurement of loss allowance		0.3	0.7	–	1.0
New financial assets purchased		5.8	(0.4)	–	5.4
Financial assets that have been derecognised		(3.4)	(0.7)	–	(4.1)
Changes in models/risk parameters		(0.2)	0.1	–	(0.1)
Foreign exchange and other movements		–	(0.2)	–	(0.2)
Balance at the end of the year		10.8	10.1	2.8	23.7
Increase in provision for impairment of financial assets for the year	5	2.6	0.5	10.5	13.6

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(h) ***Credit risk.*** *(continued)*

Loss allowance (continued)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

in Singapore Dollars (millions)	Note	31 December 2022 (restated) 12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and other receivables at amortised cost					
Balance at the beginning of the year		0.9	9.5	2.3	12.7
Net remeasurement of loss allowance		–	–	34.4	34.4
New financial assets purchased		0.6	3.7	–	4.3
Financial assets that have been derecognised		(0.7)	(4.2)	–	(4.9)
Changes in models/risk parameters		(0.2)	(2.5)	–	(2.7)
Foreign exchange and other movements		–	(0.6)	–	(0.6)
Balance at the end of the year		0.6	5.9	36.7	43.2
Debt securities at amortised cost					
Balance at the beginning of the year		1.7	–	–	1.7
Net remeasurement of loss allowance		0.1	–	–	0.1
New financial assets purchased		0.6	–	–	0.6
Financial assets that have been derecognised		(1.2)	–	–	(1.2)
Changes in models/risk parameters		0.1	–	–	0.1
Foreign exchange and other movements		(0.2)	–	–	(0.2)
Balance at the end of the year		1.1	–	–	1.1
Debt securities at FVOCI					
Balance at the beginning of the year		7.2	4.4	2.8	14.4
Adoption of SFRS(I) 17		0.9	9.5	–	10.4
Balance at the beginning of the year, restated		8.1	13.9	2.8	24.8
Net remeasurement of loss allowance		0.1	(0.1)	–	–
New financial assets purchased		4.0	2.4	–	6.4
Financial assets that have been derecognised		(3.3)	(3.4)	–	(6.7)
Changes in models/risk parameters		(0.7)	(0.9)	–	(1.6)
Foreign exchange and other movements		–	(0.2)	–	(0.2)
Balance at the end of the year		8.2	11.7	2.8	22.7
(Decrease)/increase in provision for impairment of financial assets for the year	5	(0.7)	(5.0)	34.4	28.7

The changes in risk parameters may consist of management overlays, including but not limited to, the application of judgment to:

i) key economic variables including GDP growth projections;
ii) scenario weightings;
iii) obligor's credit rating to reflect a deterioration of credit risk;
iv) events arose after post-model-run that require adjustment.

Loss allowances are reviewed quarterly, taking into consideration the adequacy of key variables.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(i) ***Concentration risk.*** An important element of managing market, credit and liquidity risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Group's exposures are within the concentration limits set by the respective local regulators.

The Group actively manages its investment mix to ensure that there is no significant concentration in Market, Credit and Liquidity Risk.

(j) ***Sensitivity analysis on financial risks.*** The sensitivity analysis below shows the impact on the Group's net profit after tax by applying possible shocks to each key variables, with all other variables constant. Co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets. To demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the Profit or Loss Statement, and changes in valuation of insurance and reinsurance contract liabilities/assets. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI.

Market risk sensitivity analysis:

	Impact on Profit After Tax					
	2023			2022 (restated)		
in Singapore Dollars (millions)	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+ 100 basis points	**(2,798.1)**	**2,739.9**	**(58.2)**	(2,225.9)	2,205.0	(20.9)
– 100 basis points	**3,238.4**	**(3,210.7)**	**27.7**	2,526.7	(2,530.2)	(3.5)
(b) Foreign Currency						
5% increase in market value of USD denominated assets	**109.1**	**(146.5)**	**(37.4)**	120.0	(123.1)	(3.1)
5% decrease in market value of USD denominated assets	**(109.1)**	**140.7**	**31.6**	(120.0)	123.1	3.1
(c) Equity						
20% increase in market indices:						
– STI	**333.9**	**(317.5)**	**16.4**	272.6	(260.3)	12.3
– KLCI	**947.8**	**(951.4)**	**(3.6)**	681.1	(681.5)	(0.4)
20% decrease in market indices:						
– STI	**(334.7)**	**318.0**	**(16.7)**	(272.6)	260.2	(12.4)
– KLCI	**(947.8)**	**927.3**	**(20.5)**	(681.1)	656.4	(24.7)

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(j) ***Sensitivity analysis on financial risks.*** *(continued)*

Market risk sensitivity analysis (continued):

in Singapore Dollars (millions)	Impact on Profit After Tax					
	2023			2022 (restated)		
	Financial assets	Insurance & reinsurance contracts	Total	Financial assets	Insurance & reinsurance contracts	Total
Change in variables (continued):						
(d) Credit						
Spread + 100 basis points	**(1,237.3)**	**1,193.8**	**(43.5)**	(1,073.0)	1,065.7	(7.3)
Spread – 100 basis points	**1,417.4**	**(1,372.6)**	**44.8**	1,191.4	(1,178.3)	13.1
(e) Alternative Investments[1]						
10% increase in market value of all alternative investments	**592.4**	**(520.1)**	**72.3**	425.9	(354.2)	71.7
10% decrease in market value of all alternative investments	**(592.4)**	**519.9**	**(72.5)**	(425.9)	353.9	(72.0)

[1] Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The above tables demonstrate the sensitivity of the Group's profit and loss after tax and equity to a change in the specified variables on an individual basis with all other variables held constant.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market, Credit and Liquidity Risk *(continued)*

(j) ***Sensitivity analysis on financial risks.*** *(continued)*

	Impact on Equity					
	2023			2022 (restated)		
in Singapore Dollars (millions)	**Financial assets**	**Insurance & reinsurance contracts**	**Total**	Financial assets	Insurance & reinsurance contracts	Total
Change in variables:						
(a) Interest rate						
+ 100 basis points	**(3,374.3)**	**3,054.4**	**(319.9)**	(2,728.6)	2,460.7	(267.9)
– 100 basis points	**3,888.7**	**(3,644.3)**	**244.4**	3,097.5	(2,882.0)	215.5
(b) Foreign Currency						
5% increase in market value of USD denominated assets	**109.1**	**(144.6)**	**(35.5)**	120.0	(131.5)	(11.5)
5% decrease in market value of USD denominated assets	**(109.1)**	**138.8**	**29.7**	(120.0)	134.1	14.1
(c) Equity						
20% increase in market indices:						
– STI	**357.7**	**(327.8)**	**29.9**	308.7	(269.5)	39.2
– KLCI	**981.6**	**(983.6)**	**(2.0)**	716.3	(715.3)	1.0
20% decrease in market indices:						
– STI	**(358.6)**	**328.3**	**(30.3)**	(308.7)	269.5	(39.2)
– KLCI	**(981.6)**	**959.5**	**(22.1)**	(716.3)	690.2	(26.1)
(d) Credit						
Spread + 100 basis points	**(1,587.1)**	**1,277.6**	**(309.5)**	(1,382.6)	1,149.9	(232.7)
Spread – 100 basis points	**1,807.3**	**(1,478.3)**	**329.0**	1,541.1	(1,280.9)	260.2
(e) Alternative Investments[1]						
10% increase in market value of all alternative investments	**609.6**	**(536.8)**	**72.8**	449.4	(377.6)	71.8
10% decrease in market value of all alternative investments	**(609.6)**	**536.6**	**(73.0)**	(449.4)	377.3	(72.1)

[1] Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The above tables demonstrate the sensitivity of the Group's profit and loss after tax and equity to a change in the specified variables on an individual basis with all other variables held constant.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives and its reputation as a result of its failure to comply with the following applicable laws, regulations and standards:

- local laws, regulations and rules governing licensed activities undertaken by the Group;
- foreign laws, regulations and rules that have extraterritorial jurisdiction over the Group's licensed activities;
- codes of practice promoted by industry associations of which the Group are members of; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by the Group but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal control frameworks, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMC reviews operational and compliance issues on a group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. The Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee.

Technology, Information and Cyber Risks

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/ hardware failure, capacity deficiency arising from the use of technologies such as electronic hardware/ devices, software, online networks and telecommunications systems.

Information Risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber Risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

The Group adopts a risk-based approach in managing technology, risks relating to IT disruption, cyber threats, data loss and third parties. The Group has put in place technological and procedural risk controls to defend against external and insider threats. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by Internal Audit on the adequacy and effectiveness of the technology risk controls.

Sustainability Risk

Sustainability risk is defined as any environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. The Group has integrated ESG considerations into the investment, underwriting and its own operational activities.

At present, the Group manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, the Group has formalised the Group Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within the Group. Environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.
- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.
- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

Notes to the Financial Statements

31 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sustainability Risk *(continued)*

The Group's risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, the Group organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment and underwriting portfolios.

For underwriting portfolio, risk transfer tool such as reinsurance is used to assist in managing environmental risk. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns.

The Group has made its first disclosures on climate-related risks aligned to the Task Force on Climate-related Financial Disclosures ("TCFD") in May 2021 as part of GEH Sustainability Report 2021. The report provides some insights into the Group's governance approach, strategy and risk management, as well as key metrics and targets for climate-related financial risks.

32 FAIR VALUE OF ASSETS AND LIABILITIES

32.1 Fair Value Hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, quotes from brokers and market makers, cash flow discounting and other valuation techniques commonly used by market participants, and

Level 3 – Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement would be categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement (with Level 3 being the lowest).

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.2 Assets and Liabilities Measured at Fair Value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year:

in Singapore Dollars (millions)	Group 31 December 2023 Fair value measurements at the end of the reporting year using Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring Fair Value Measurements				
FINANCIAL ASSETS				
Derivative financial assets				
Foreign exchange				
Forwards	–	392.5	–	392.5
Currency swaps	–	96.1	–	96.1
Interest rates				
Swaps	–	23.7	–	23.7
Exchange traded futures	371.1	–	–	371.1
Equity				
Futures	13.8	–	–	13.8
Options	–	54.6	–	54.6
Credit				
Swaps	–	9.9	–	9.9
Bond				
Forwards	–	2.2	–	2.2
	384.9	579.0	–	963.9
Financial assets at FVOCI				
Equity securities	1,883.8	–	22.3	1,906.1
Debt securities	9,234.3	4,760.9	–	13,995.2
	11,118.1	4,760.9	22.3	15,901.3

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

	Group			
	31 December 2023			
	Fair value measurements at the end of the reporting year using			
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring Fair Value Measurements				
FINANCIAL ASSETS				
Financial assets at FVTPL				
Equity securities	11,505.8	3.5	21.4	11,530.7
Debt securities	28,485.2	20,155.3	–	48,640.5
Other investments	1,980.5	14,352.1	2,912.3	19,244.9
	41,971.5	34,510.9	2,933.7	79,416.1
Financial assets as at 31 December 2023	53,474.5	39,850.8	2,956.0	96,281.3
NON-FINANCIAL ASSETS				
Investment properties	–	–	1,880.7	1,880.7
Investment in associate	–	–	95.1	95.1
Non-financial assets as at 31 December 2023	–	–	1,975.8	1,975.8
FINANCIAL LIABILITIES				
Derivative financial liabilities				
Foreign exchange				
Forwards	–	124.5	–	124.5
Currency swaps	–	14.0	–	14.0
Interest rates				
Swaps	–	32.7	–	32.7
Exchange traded futures	4.1	–	–	4.1
Equity				
Swaps	–	0.6	–	0.6
Futures	3.0	–	–	3.0
Bond				
Forwards	–	0.8	–	0.8
Financial liabilities as at 31 December 2023	7.1	172.6	–	179.7

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

	Group			
	31 December 2022 (restated)			
	Fair value measurements at the end of the reporting year using			
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring Fair Value Measurements				
FINANCIAL ASSETS				
Derivative financial assets				
Foreign exchange				
Forwards	–	510.6	–	510.6
Currency swaps	–	182.9	–	182.9
Options	–	12.0	–	12.0
Interest rates				
Swaps	–	9.0	–	9.0
Exchange traded futures	2.2	–	–	2.2
Equity				
Swaps	–	0.2	–	0.2
Futures	3.4	–	–	3.4
Options	6.3	32.9	–	39.2
Credit				
Swaps	–	1.9	–	1.9
Bond				
Forwards	–	0.3	–	0.3
	11.9	749.8	–	761.7
Financial assets at FVOCI				
Equity securities	1,639.3	–	22.7	1,662.0
Debt securities	5,295.0	5,215.7	75.3	10,586.0
	6,934.3	5,215.7	98.0	12,248.0

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

	Group			
	31 December 2022 (restated)			
	Fair value measurements at the end of the reporting year using			
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring Fair Value Measurements				
FINANCIAL ASSETS				
Financial assets at FVTPL				
Equity securities	11,469.0	0.2	21.8	11,491.0
Debt securities	33,577.1	14,844.5	570.6	48,992.2
Other investments	6,869.6	4,514.9	2,842.2	14,226.7
	51,915.7	19,359.6	3,434.6	74,709.9
Financial assets as at 31 December 2022	58,861.9	25,325.1	3,532.6	87,719.6
NON-FINANCIAL ASSETS				
Investment properties	–	–	1,881.2	1,881.2
Investment in associate	–	–	122.5	122.5
Asset held for sale	–	–	72.6	72.6
Non-financial assets as at 31 December 2022	–	–	2,076.3	2,076.3
FINANCIAL LIABILITIES				
Derivative financial liabilities				
Foreign exchange				
Forwards	–	152.2	–	152.2
Currency swaps	–	6.8	–	6.8
Interest rates				
Swaps	–	64.5	–	64.5
Exchange traded futures	17.2	–	–	17.2
Equity				
Swaps	–	35.6	–	35.6
Futures	0.1	–	–	0.1
Options	2.3	4.8	–	7.1
Credit				
Swaps	–	3.7	–	3.7
Bond				
Forwards	–	4.8	–	4.8
Financial liabilities as at 31 December 2022	19.6	272.4	–	292.0

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.3 Level 3 Fair Value Measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2023	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,880.7	Income approach	Rental per square foot ("p.s.f.") per month	$2.11 to $2.13
			Car park bay rental rate	$88.96
			Monthly outgoing rate p.s.f	$0.40
			Capitalisation rate	5.75% – 6.00%
			Void rate	5%
		Comparison approach	Estimated per square foot ("psf")	$11 to $3,482
		Capitalisation approach	Capitalisation rate	3.25%
Investment in associate	95.1	Income approach	Discount for liquidity	28%-45%
Investments				
Unquoted equities	43.7	Net asset value[1]	Not applicable	Not applicable
Collective Investment Schemes	2,912.3	Net asset value[1]	Not applicable	Not applicable

[1] These investments are valued using net asset value. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy.

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.3 Level 3 Fair Value Measurements (continued)

(i) **Information about significant unobservable inputs used in Level 3 fair value measurements** (continued)**:**

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) (continued):

Description	Fair value as at 31 December 2022	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,881.2	Comparison approach	Estimated per square foot ("psf")	$10 to $4,173
			Capitalisation rate	3.25%
Asset held for sale	72.6	Income approach	Rental psf per month	$0.72 to $1.78
			Rental growth rate	0.00%
			Long-term vacancy rate	12.50%
			Discount rate	5.75% to 6.00%
Investment in associate	122.5	Market approach	Discount for liquidity	40%-50%
Investments				
Unquoted debt securities	22.3	Discounted cash flow	Yield	4.00% to 6.00%
Unquoted debt securities	623.6	Income approach	Risk adjusted discounted rate	Spread of 1-2% above risk free interest rate
Unquoted equities	44.5	Net asset value[1]	Not applicable	Not applicable
Collective Investment Schemes	2,842.2	Net asset value[1]	Not applicable	Not applicable

[1] These investments are valued using net asset value. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy.

For investment properties, a significant increase/(decrease) in unobservable inputs would result in a significantly higher/(lower) fair value measurement.

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.3 Level 3 Fair Value Measurements (continued)

(ii) Valuation process:

The valuations of financial instruments are performed by the custodians and the valuations of investment properties are performed by the external valuers. The valuations conducted by the custodians are verified and assessed for reasonableness by Group Finance against available market conditions. The valuations of investment properties are based primarily on the comparable approach and the capitalisation approach. The major inputs of the valuation of investment properties are reviewed by management. The property management department also held discussions with external valuers on any significant fluctuation noted from the independent valuation reports. The valuations conducted by the external valuers are verified and assessed for reasonableness by management against property values of other comparable properties.

(iii) Movements in Level 3 assets and liabilities measured at fair value:

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Group						
	Fair value measurements using significant unobservable inputs (Level 3)						
	31 December 2023						
	Investments						
in Singapore Dollars (millions)	Unquoted debt securities	Unquoted equities	Collective investment schemes	Investment in associate	Investment properties	Asset held for sale	Total
Opening balance as at 1 January 2023	**645.9**	**44.5**	**2,842.2**	**122.5**	**1,881.2**	**72.6**	**5,608.9**
Total gain/(loss) for the year:							
Included in Profit or Loss Statement							
– Gain/(loss) on sale of investments and changes in fair value	**14.9**	**(0.5)**	**(151.7)**	**(27.4)**	**16.3**	**–**	**(148.4)**
Included in other comprehensive income							
– Changes in fair value	**–**	**(0.3)**	**–**	**–**	**–**	**–**	**(0.3)**
Purchases and sales for the year:							
Purchases	**–**	**–**	**221.8**	**7.8**	**1.1**	**–**	**230.7**
Sales	**(636.1)**	**–**	**–**	**–**	**–**	**(72.6)**	**(708.7)**
Transfer to/from during the year:							
Transfer to Level 2	**(24.7)**	**–**	**–**	**–**	**–**	**–**	**(24.7)**
Currency translation reserve adjustment	**–**	**–**	**–**	**(7.8)**	**(17.9)**	**–**	**(25.7)**
Closing balance as at 31 December 2023	**–**	**43.7**	**2,912.3**	**95.1**	**1,880.7**	**–**	**4,931.8**

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.3 Level 3 Fair Value Measurements (continued)

(iii) Movements in Level 3 assets and liabilities measured at fair value (continued)**:**

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3) (continued):

	Group						
	Fair value measurements using significant unobservable inputs (Level 3)						
	31 December 2022						
	Investments						
in Singapore Dollars (millions)	Unquoted debt securities	Unquoted equities	Collective investment schemes	Investment in associate	Investment properties	Asset held for sale	Total
Opening balance as at 1 January 2022	–	51.5	2,680.5	95.2	1,883.9	–	4,711.1
Total gain/(loss) for the year:							
Included in Profit or Loss Statement							
– Gain/(loss) on sale of investments and changes in fair value	–	(2.7)	(85.9)	24.4	91.3	–	27.1
Included in other comprehensive income							
– Changes in fair value	–	(4.3)	–	–	–	–	(4.3)
Purchases and sales for the year:							
Purchases	–	–	609.4	–	1.0	–	610.4
Sales	–	–	(361.8)	–	–	–	(361.8)
Reclassification	–	–	–	–	(72.6)	72.6	–
Transfer to/from during the year:							
Transfer from Level 1	636.9	–	–	–	–	–	636.9
Transfer from Level 2	9.0	–	–	–	–	–	9.0
Currency translation reserve adjustment	–	–	–	2.9	(22.4)	–	(19.5)
Closing balance as at 31 December 2022	645.9	44.5	2,842.2	122.5	1,881.2	72.6	5,608.9

Notes to the Financial Statements

32 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

32.4 Assets and Liabilities Not Carried at Fair Value but for which Fair Value is Disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Group				
	31 December 2023				
	Fair value measurements at the end of the reporting year using				
in Singapore Dollars (millions)	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying Amount**
Assets					
Debt securities at amortised cost	**1,089.2**	**109.6**	**–**	**1,198.8**	**1,218.2**
Loans	**–**	**524.7**	**–**	**524.7**	**511.0**
Freehold land, leasehold land and buildings	**–**	**–**	**847.6**	**847.6**	**365.9**

	Group				
	31 December 2022				
	Fair value measurements at the end of the reporting year using				
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Assets					
Debt securities at amortised cost	1,609.6	105.6	–	1,715.2	1,802.5
Loans	–	485.3	–	485.3	480.5
Freehold land, leasehold land and buildings	–	–	846.6	846.6	381.6

Notes to the Financial Statements

33 DIVIDENDS

	Group and Company	
in Singapore Dollars (millions)	**2023**	2022
Final one-tier tax exempt dividend for the previous year of 55 cents per ordinary share (2022: 55 cents per ordinary share)	**260.3**	260.3
Interim one-tier tax exempt dividend of 35 cents per ordinary share (2022: 10 cents per ordinary share)	**165.7**	47.3
	426.0	307.6

The Directors proposed a final one-tier tax exempt dividend of 40 cents per ordinary share amounting to $189.3 million (2022: $260.3 million) be paid in respect of the financial year ended 31 December 2023. This has not been recognised as distributions to shareholders.

There are no income tax consequences attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

34 AUTHORISATION OF FINANCIAL STATEMENTS

At the Board of Directors' Meeting held on 23 February 2024, the Board authorised these financial statements for issue and that two Directors of the Board, Mr Soon Tit Koon and Mr Tam Chee Chong, sign the Directors' Report on behalf of the Board.

APPENDIX V

1Q24 FINANCIAL SUMMARY

First Quarter 2024 Financial Summary

29 April 2024

Great Eastern
A member of the OCBC Group
Reach for Great

Disclaimer

This document should be read as an overview of the current business activities and operating environment of Great Eastern Holdings Limited and its related corporations (collectively, "Great Eastern"). The information supplied is in summary form and this overview does not purport to contain complete information or all information that investors or potential investors may require in order to make an informed assessment of Great Eastern's prospects.

This document should not be solely relied upon by investors or potential investors when making an investment decision. You should seek professional advice from your stockbroker, solicitor, accountant, financial adviser, tax adviser or other independent professional adviser before deciding whether to invest. This document does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to subscribe for any shares nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or investment decision or commitment whatsoever. Great Eastern accepts no liability whatsoever with respect to the use of, or reliance upon, any information, statement or opinion contained in or omitted from this document. This document shall not be reproduced, republished, uploaded, linked, posted, transmitted, adapted, copied, translated, modified, edited or otherwise displayed or distributed in any manner without Great Eastern's prior written consent.

Overview of 1Q-24 Financial Results

S$m	1Q-24	1Q-23	Δ%
Total Weighted New Sales	**524.2**	390.9	+34
New Business Embedded Value	**163.2**	135.4	+21
Profit from Insurance Business	**236.3**	226.6	+4
Profit from Shareholders' Fund	**76.0**	22.0	+245
Non-Controlling Interest	**(5.6)**	(4.6)	nm
Profit Attributable to Shareholders	**306.7**	244.0	+26

nm: not meaningful

1Q-24 Financial Results

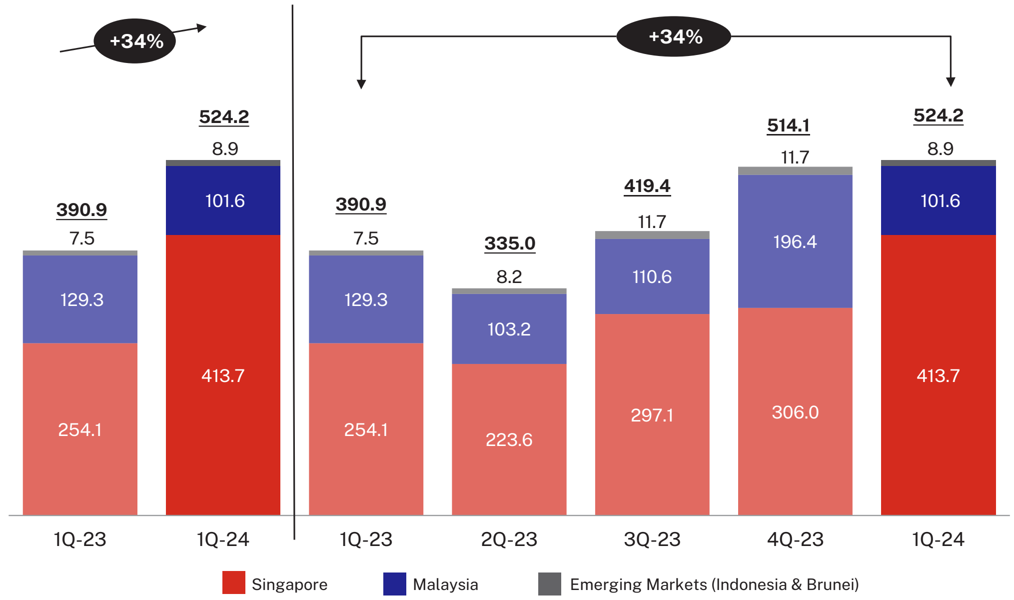
Total Weighted New Sales and New Business Embedded Value
TWNS: S$524.2m; +34% (1Q-23: S$390.9m) Strong performance driven by the core distribution channels across all markets.
NBEV: S$163.2m; +21% (1Q-23: S$135.4m) Growth in NBEV driven by higher sales.

Profit Attributable to Shareholders
Profit from Insurance Business: S$236.3m; +4% (1Q-23: S$226.6m) Higher profit from insurance businesses in 1Q-24 was primarily attributed to stable contract service margin ("CSM") release, higher profit from general insurance, coupled with lower losses from group insurance and standalone medical portfolio. These were partially offset by worsening claims experiences in Malaysia market.
Profit from Shareholders' fund[1]: S$70.4m; 305% (1Q-23: S$17.4m) Higher profit attributable to favourable investment performance.
Profit Attributable to Shareholders: S$306.7m; +26% (1Q-23: S$244.0m)

nm: not meaningful

Note:
1. *Includes Non-Controlling Interest*

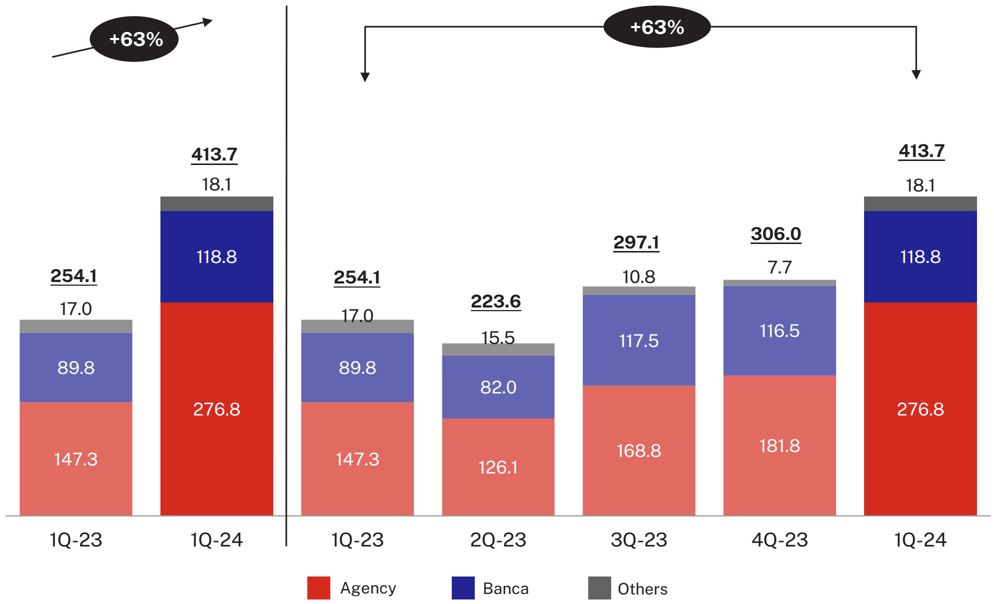
TWNS Performance by Market



1Q-24 Group's TWNS increased by 34% driven by sales growth in Singapore, partially offset by lower contribution from Malaysia.

Values are denominated in S$ millions

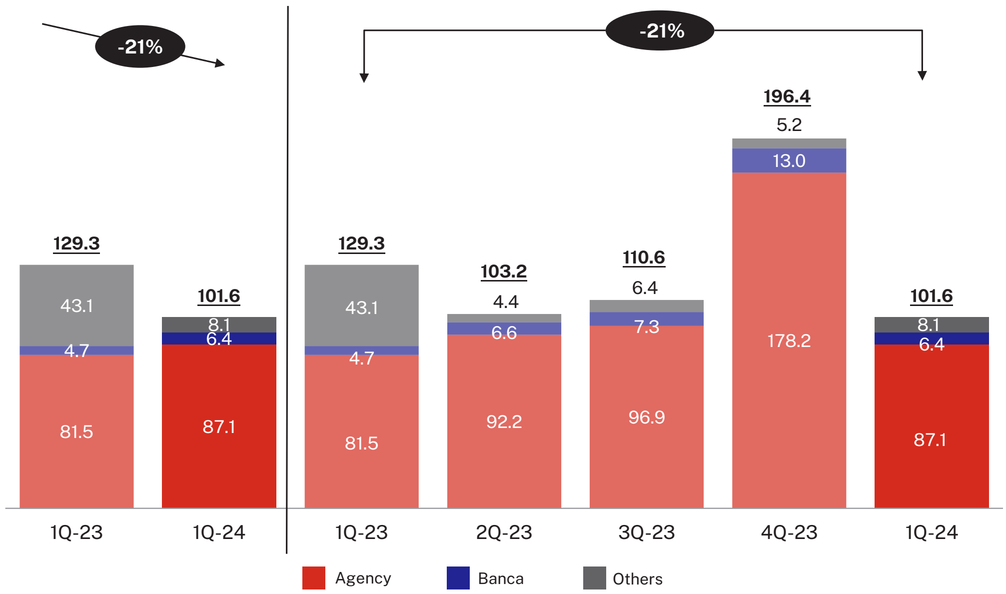
Singapore TWNS – By Channel



TWNS growth for 1Q-24 mainly driven by higher sales from core channels.

Values are denominated in S$ millions

Malaysia TWNS – By Channel

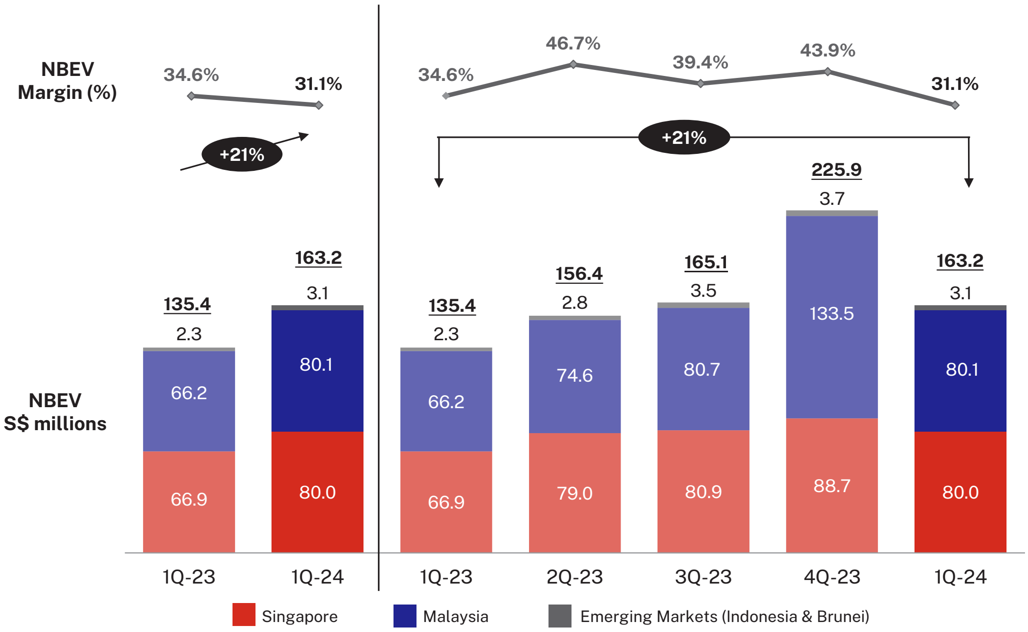


Values are denominated in S$ millions

Stable growth from Agency and Bancassurance channel for 1Q-24.

Higher sales in 1Q-23 mainly from government social protection scheme.

NBEV – By Market

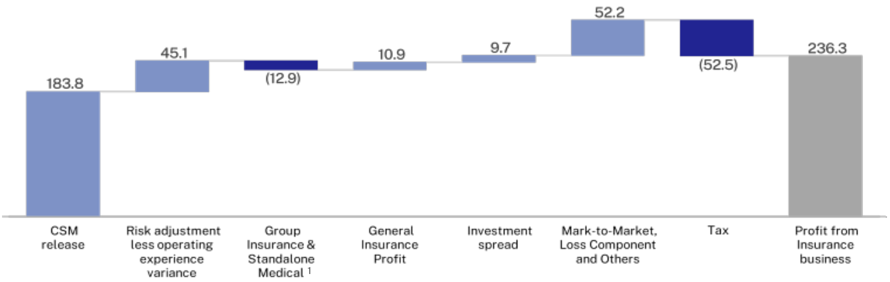


1Q-24 Group NBEV up 21% driven by higher sales.

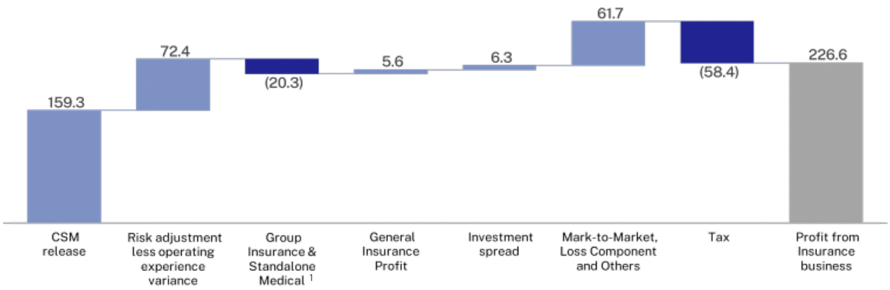
NBEV margin declined as a result of lower margin in Singapore.

Profit from Insurance Business

1Q-24 (S$ m)



1Q-23 (S$ m)



Higher Profit from Insurance Business in 1Q-24 compared to same period last year due to:

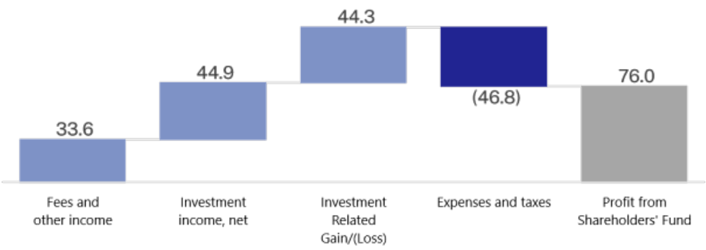
- higher release of CSM;
- higher profit from general insurance business; and
- lower losses from group insurance and standalone medical portfolio.

Partially offset by worsening claim experience in Malaysia

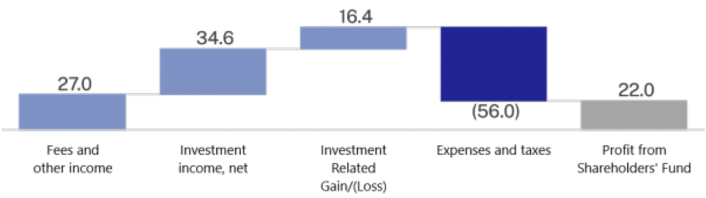
Note 1: The "CSM release", "Risk Adjustment less operating experience variance" and "Loss Components" for Group Insurance & Standalone Medical are excluded from each of the respective components and presented here.

Profit from Shareholders' Fund

1Q-24 (S$ m)



1Q-23 (S$ m)



Higher Profit from Shareholders' Fund in 1Q-24 compared to same period last year mainly due to:

- higher fee income, interest and dividend income; and
- mark-to-market gain in equities, collective investment schemes and derivatives.

Reference Notes

1. Total Weighted New Sales ("TWNS") = (Single Premium x 10%) + New Regular Premium.
2. New Business Embedded Value ("NBEV") is a measure of the long-term profitability of new sales.
3. The quarterly NBEV figures for 2023 have been restated to take into account revised actuarial assumptions following the annual review exercise at end of the year (i.e. 4Q-23).
4. TWNS, NBEV and Profit Attributable to Shareholders in foreign currencies are translated using the respective monthly spot rate.

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