

PARTICIPATING LIFE INSURANCE FUND UPDATE 2022

Thank you for your continuous support and placing your trust in China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS").

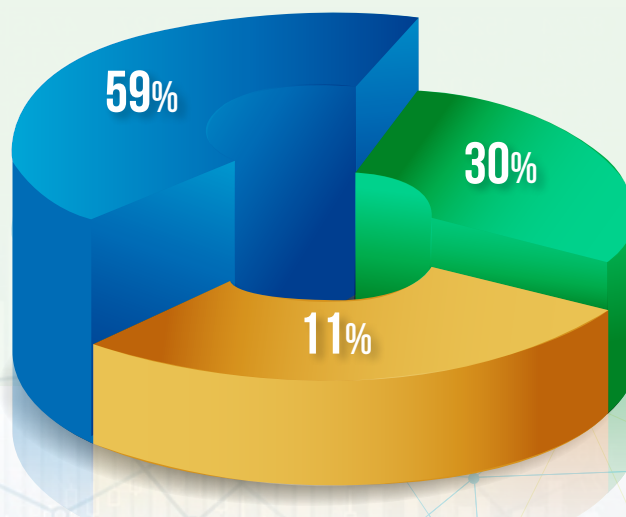
As our valued customer, we would like to provide you with the Participating Life Insurance Fund ("Par Fund") Update for the year ended 31 December 2022. We are pleased to inform you that we are **maintaining our bonus rates for all policies** for the year ended 2022. We would like to take this opportunity to share with you the overview of the 2022 Par Fund performance and the future outlook of the Par Fund. At CTPIS, we are committed to managing the Par Fund prudently and providing stable benefits to you.

ABOUT THE FUND

As at 31 December 2022, the Par Fund held Total Assets¹ at market value amounting to approximately **S\$372 million**, a 39% increase from past year's S\$267 million. This is largely attributed to the increase in insurance premium flows from both renewal and new business. The investment mix of the Par Fund as at 31 December 2022 is as follows:

Asset Allocation as at 31 December 2022

- Fixed Income²
- Risky Assets³
- Cash and Other Assets



Footnotes:

- ¹ Total Assets of the Par Fund refer to assets backing policy liabilities.
- ² Including hedging of foreign currency exposures.
- ³ Risky Assets include equities and properties.

A REVIEW OF 2022

Investment Factors:

2022 was a brutal year for most of the asset classes, especially for bonds and stocks markets, which have ended the year with their largest declines since the 2008 financial crisis. With Inflation at multi-decade high in many countries, it has led to an unprecedented series of interest rate increases globally. Tighter monetary conditions have rocked and rolled global financial markets, while political uncertainties continue to fuel a flight to safety.

In United States (U.S), all four major U.S. equity market indices were battered by bear markets in 2022, with the tech-heavy NASDAQ being the worst performer. The Fed hiked interest rates by 425 basis points and the U.S 10-year Treasury yield more than doubled from mid-1% range to more than 4% at one point.

In China, the meltdown in the real estate and technology sectors that began in late 2020 continued to batter the Chinese market. Notwithstanding that, strict COVID lockdown measures dealt an additional blow to the market and the economy. To overcome the impacts, China bucked the global trend and eased monetary policy. Despite an abrupt shift away from the COVID restrictions, the Chinese equities still underperformed in 2022.

Amid challenges in the financial markets, the Par Fund achieved a net investment return of -7.8% in 2022, largely attributable to an unfavourable performance from both equities and bonds. Overall, Par Fund's investment return over the past 3 years averaged out to be -2.2%.

Non-Investment Factors:

Benefit payout from insurance claims, surrendered policies and operating expenses are key non-investment factors that can affect the level of bonuses. Generally, the results of these key non-investment factors are in line with our expectations in the year 2022. We do not expect short-term fluctuations in these non-investment factors to affect current and future bonuses significantly.

Key Non-Investment Factors	Impact on Bonus
Insurance claims were in line with expectation	Neutral
Surrenders were lower than expectation	Slightly Negative
Expenses were in line with expectation	Neutral

Total Expense Ratio:

The Total Expense Ratio ("TER") is the proportion of total expenses incurred by the Par Fund to the assets of the Par Fund. These expenses include costs such as investment, management, distribution, taxation and other expenses.

An expected level of expenses to be incurred by the Par Fund has been allowed for in the premiums payable for your policy and is not an additional cost to you. If the actual level of expenses varies significantly from the expected level of expenses, it may affect the non-guaranteed benefits you receive. For our Par Fund, the past TER are shown in the table below:

Year	2020	2021	2022	Average over the last 3 years	Average over the last 5 years	Average over the last 10 years
Total Expense Ratio ⁵	N.A. ⁶	11.4%	6.3%	N.A. ⁶	N.A. ⁶	N.A. ⁶

Please note that past expense ratios may not be indicative of actual expenses that may be incurred in the future.

Footnotes:

⁴ Investment Return is derived from the net investment income after deducting investment expenses and divided by the average market value of Par Fund's Total Assets, as computed in accordance with the industry standards issued by the Life Insurance Association ("LIA"). Past performance is not necessarily indicative of future performance.

⁵ The TER is the ratio of the total expenses incurred by the Par Fund including investment, management, distribution, taxation, and other expenses, to the assets of the Par Fund, as computed in accordance with the industry standards issued by the LIA.

⁶ The Par Fund was set up in December 2018. Typically, the TER for the initial three years of a new Participating Fund is not reflective of its expected long-term TER. This is because significant expenses are incurred in the initial set-up of a Participating Fund and its asset bases are still being built up. Hence, the TERs for 2018 to 2020 of the Participating Fund are not shown.

FUTURE OUTLOOK

For 2023, the global growth is poised for a recovery with high uncertainty. The recovery is mainly led by China reopening, less disruption on supply chain and receding of food and energy crisis. Based on International Monetary Fund's World Economic Outlook report dated in April 2023, global growth is expected to bottom at 2.8% in 2023 before rising to 3.0% in 2024. Risks to the outlook are largely skewed to the downside in view of the slowdown in the global economy and banking sector vulnerabilities.

We expect 2023 to be challenging, however, despite the challenges, we are optimistic that there are attractive opportunities to enhance investment return. We will continue to be vigilant and disciplined in managing our investment portfolios, while focusing on delivering positive long-term investment returns to our policyholders.

On the non-investment factors, we expect claims and surrenders to be stable and in line with our expectations. We will continue to monitor our expenses closely to be as cost efficient as possible.

FREQUENTLY ASKED QUESTIONS

1. What is a participating policy and how does it work?

Premiums of participating insurance policies are pooled together to form the Par Fund. This fund invests in a range of assets, which are used to pay benefits to participating policyholders and to meet the expenses incurred in managing the fund.

2. How are bonuses declared?

Bonus are declared yearly, and you will be notified each year of any bonuses or dividends that may be added to your participating policies. When declaring bonuses, CTPIS smoothen the bonus allocations over a period of time to minimise short-term fluctuations that can occur from market conditions. The bonuses declared are approved by the Board of Directors, considering the written recommendation by the Appointed Actuary. The Par Fund Updates will be available on our corporate website in July yearly.

3. When will the bonus be allocated to my policy?

The bonus declared will be vested on the latter of declaration date or policy anniversary in Year 2023.

4. What is my bonus this year?

We are pleased to inform you that the bonus rates for Year 2022 is maintained as per your Policy Illustration. If you have a reversionary bonus policy, you should receive Your Participating Plan Annual Statement in May 2023. Please refer to the Statement for the bonus declared on your policy. The bonus rates allocated for the 3 years preceding 2021 have been maintained as per your Policy Illustration.



For any enquiries on Your Participating Plan Annual Statement, please contact your Financial Adviser Representative, email us at customer.service@sg.cntaiping.com or call us at 6389 6111. A full Policy Illustration is available upon request.

ABOUT US

About China Taiping Singapore

China Taiping Insurance (Singapore) Pte. Ltd. ("CTPIS") is a leading insurer for both life and general insurance businesses, providing one-stop financial solutions for your personal and business needs. We have been assuring our customers in Singapore with financial peace of mind for over 80 years.



Long heritage in Singapore since 1938



Financial Strength:
S&P: A- | AM Best: A

About China Taiping Insurance Group

CTPIS is wholly-owned by China Taiping Insurance Holdings Company Limited, which has been listed on the Hong Kong Stock Exchange since 2000, making it the first Chinese funded insurer listed overseas. China Taiping Insurance Group Limited is a large transnational financial and insurance group with more than 500,000 employees globally and total assets of RMB 1,260 billion (as of December 2022).



Established in Shanghai since 1929



Achieved Global Fortune 500 since 2018



Global footprint of 24 subsidiaries – Mainland China, Hong Kong, Macau, Europe, Oceania, East and Southeast Asia



2023 marks a special year for CTPIS as we celebrate our 85 years of long heritage in Singapore. Your unwavering support and trust fuel our drive to deliver the best service and financial solutions to meet your needs. Thank you for being an invaluable part of our long journey. You are the reason we do what we do, and we look forward to serving you for many years to come. At CTPIS, we remain steadfast in creating a safe, healthy, and prosperous life for all our customers.

This commentary is for general information only and have no regard to specific investment objectives, financial situation, and particular needs of any persons. Any opinions, predictions, forecasts or forward-looking statements made are not indicative of future performances.

This policy is protected under the Policy Owners' Protection Scheme which is administered by the Singapore Deposit Insurance Corporation (SDIC). Coverage for your policy is automatic and no further action is required from you. For more information on the types of benefits that are covered under the scheme as well as the limits of the coverage, where applicable, please contact China Taiping Insurance (Singapore) Pte. Ltd. or visit the Life Insurance Association or SDIC websites (www.lia.org.sg or www.sdic.org.sg). Information is accurate as of 30 June 2023.