TERMS AND RISK DISCLOSURES FOR BOND INVESTMENTS

Dear Client,

To transact in wholesale / unlisted bonds that may only be offered to Accredited Investors and other relevant persons in reliance on a relevant exemption from needing to register a prospectus for such bonds, you (the client) must be or may be deemed to be an Accredited Investor who meet the requirements set out in Section 275 of the Securities and Futures Act 2001.

Please refer to the document(s) attached (if any), and ensure that you (the client) have received and understood the applicable document(s) which contains the applicable key risks, disclosure features, terms and conditions of the wholesale / unlisted bond(s) mentioned herein.

It is essential to understand the risks of bonds before investing in them, as different types of bonds have varying levels of risks. By evaluating these risks, investors can make informed decisions about whether to invest in a particular bond or not.

The information below is <u>only a summary</u> of some key risk, features, terms and conditions of the bond investment product mentioned herein. Please refer to the product documentation (<u>a copy which is available upon request</u>) for full details of the bond investment product mentioned herein and the applicable key risks, disclosure features, terms and conditions.

<u>Key risks of bond investments</u>	**<u>Important Reminders and Risk Warnings (In addition to key risks of bond investment)</u>**
Product risk · All investments carry an element of risk. Losses may be incurred as a result of buying and selling investment products. **Credit/Issuer risk** · Bonds are subject to the risk that the issuer of the bond will default on its repayment obligations. Credit ratings assigned by credit rating agencies can be used as a reference BUT do not guarantee the creditworthiness of the issuer / guarantor (if any). **Liquidity risk** · Certain illiquid bonds may not be actively traded on the secondary markets with wide bid/offer spreads. It may be difficult or impossible for investors to sell before its maturity. **Inflationary risk**	<u>High-yield bonds</u> ***Higher credit risk*** · High-yield bonds are typically rated below investment grade or are unrated. They are subject to market volatility and possibility of higher issuer default risk. ***Increased vulnerability to economic cycles*** · High-yield bonds are subject to higher market volatility and declining market value during economic downturns. <u>Perpetual bonds</u> ***No maturity date*** · Perpetual bonds are perpetual in nature and do not have a fixed maturity date. ***Coupon payment*** · There is possibility of coupon payment deferral or total suspension subject to the terms and conditions of the perpetual bond issuance and at the discretion of the issuer.

- Inflation will undermine an investment's returns through a decline in purchasing power. Bond payments are most at inflationary risk because their payouts are generally based on fixed interest rates, meaning an increase in inflation diminishes their purchasing power.

Interest rate risk

- Bonds are more susceptible to fluctuations in interest rates. Bond prices are inversely related to interest rates. As interest rates rise, the prices of existing bonds fall, and vice versa. Therefore, when interest rates rise, the value of a bond decreases.

Currency risk

- Exchange rate fluctuations may adversely affect the investment return when the traded currency proceeds / interest coupons are converted to the original currency.

Counterparty risk

- Where a counterparty defaults in its contractual obligations, significant losses of principal may incur.

For bonds that have longer investment tenors:

- There may be potential losses of principal if investors redeem their longer tenor investments before the maturity date.

For customers with leveraged trading facilities:

- Margin / Leverage trading increases the investment risk by magnifying potential losses. The cost of borrowing may increase due to interest rate movements.

Investments in other jurisdictions

- Where the issuer is incorporated in and/or has operations in jurisdiction(s) other than the investor's home jurisdiction, the regulatory regime in such other jurisdiction(s) may offer different or diminished investor protection.

Risks linked to bond's contractual arrangement

- A bond is a contractual arrangement between the issuer and the investor. The terms and conditions governing each bond can differ significantly and investors should always read and understand these related terms and conditions before making any investment.

Investors may only take action through the Trustee

- Under the terms of the trust deed, only the trustee may pursue remedies and/or take enforcement action on behalf of the investors. Investors may not take action directly against the issuer unless the trustee has failed or neglected to do so. The trustee is not be obliged to take any action on behalf of investors unless (a) it has received instructions or directions in

There is also possibility of accrued interest being non-cumulative as a result from coupon payment deferral. For non-cumulative perpetual bonds, coupon payments that are unpaid or omitted will not be paid back later.

Non-call risk

- Perpetual bonds are callable at the discretion of the issuer. If the perpetual bond is not called, there may be no stated maturity for investors to recover their principal. Investors are exposed to market price volatility and dependency on secondary market liquidity, resulting in potential loss of principal investments.

Lower priority of claims

- Bonds issued as subordinated debts have a lower priority of claims in the event of liquidation of the issuer. Investors can only get back the principal after other senior creditors are paid.

Reinvestment risk

- Bonds with a callable feature increase an investor's reinvestment risk when the issuer exercises its right to redeem the bond before it matures or when the issuer exercises a make-whole call provision on a bond allowing the issuer to pay off remaining debt early.

<u>Convertible bonds</u>

Equity investment risk

- Investments in convertible bonds are subject to both equity and bond investment risk.

Equity volatility risk

- The market price of the convertible bond is likely to be affected by fluctuations in the market price of the underlying stock.

<u>Callable bonds</u>

Reinvestment risk

- Bonds with a callable feature increase an investor's reinvestment risk when the issuer exercises its right to redeem the bond before it matures or when the issuer exercises a make-whole call provision on a bond allowing the issuer to pay off remaining debt early.

<u>Subordinated bonds</u>

Lower priority of claims

- Bonds issued as subordinated debts have a lower priority of claims in the event of liquidation of the issuer. Investors can only get back the principal after other senior creditors are paid.

accordance with the terms of the trust deed and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken.	Contingent convertible (Bank Coco bonds) or bail-in bonds (Additional Tier One (AT1) capital bonds) ***Higher investment risks (Loss Absorption)*** · Investors face higher risks as these are hybrid debt-equity instruments that may be written off or converted to common stock on the occurrence of a trigger event, (e.g. at the point of non-viability or the capital ratio falls to a specified level). · Bonds with a contingent write down or loss absorption feature may be written-off fully or partially or converted to common stock on the occurrence of a trigger event. · Investors face both equity and bond investment risk if the bonds are converted to common stock on the occurrence of a trigger event. Floating rate bonds / notes ***Unknown interest rate*** · Floating rate bonds/notes pay a variable coupon determined by a reference rate which resets periodically. As the reference rate resets, the payment received is not fixed and fluctuates overtime. Decreasing interest rates would result in lower coupon payments when the floating rate is due for reset.

Disclaimer:

This information/document is provided to you for general information only and does not constitute a recommendation, an offer or solicitation to buy or sell the investment product mentioned. It does not have any regard to your specific investment objectives, financial situation or any of your particular needs. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of your acting based on this information. The products referred to herein are intended only for accredited investors, institutional investors and certain other persons who meet the requirements set out in section 275 of the Securities and Futures Act 2001.

Investments are subject to investment risks including the possible loss of the principal amount invested. Past performance figures as well as any projection or forecast used in this publication, are not necessarily indicative of future or likely performance of any securities.

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