INTRODUCTION:

EQUITY-LINKED NOTE

CONTENT

Disclaimer

The investment products mentioned in the information herein are sophisticated investment products that carry significant risks and are not suitable for persons who do not comprehend the product or are risk averse. They are subject to investment risks, including market risk, credit risk, liquidity risk and the possible loss of the principal amount invested. The information contained herein does not purport to identify all of the risks (direct or indirect) or other material considerations which may be associated with any person entering into the transaction. Prior to entering into the transaction, any person in receipt of the information should have determined, without reliance upon UOB Kay Hian Pte Ltd ("UOBKH") or its affiliates, the economic risks and merits, as well as the financial, legal, tax, accounting or other material characterizations and consequences of the transaction and that the person is able to assume these risks. The person should consider carefully and exercise caution in making any trading decision whether or not he has received advice from any financial adviser.

UOB Kay Hian Pte Ltd. Co Reg No. 197000447W

PRODUCT DESCRIPTION

Equity - Linked Note (ELN) is a product that allows investor to:

- Choose 1 or more stocks that they like, be prepared to invest in at a pre-determined Strike Price, which is at a discount to the market price on the day of trade (Trade Date).
- Compared to direct investing in the stock, ELN allows investors to earn a predetermined return, and that is typically higher than the stock's dividend.
- ELN has a pre-determined maturity date, known as **Tenor** which usually ranges from 1 to 6 months.
- The terms and conditions of ELN, including strike price and maturity, can be customised to suit investors' needs.

Investment Outcomes

ELN's Investment Outcomes are determined by the following:

ELN with no knock-out feature.
- **Outcome 1** - 100% Notional redemption in cash
- **Outcome 2** - Receive stock at strike price

ELN with knock-out feature.
- **Outcome 1 -** 100% Notional redemption in cash
- **Outcome 2** - 100% Notional redemption in cash
- **Outcome 3** - Receive stock at strike price

Typically, an ELN with knock-out features pay lesser premium than one with no knock-out feature.

STRIKE PRICE

The predetermined purchase price at which the issuer will deliver the worst-performing stock to the investor when the stock price is below the strike price.

OBSERVATION DATE

Predetermined date(s) where the stocks' closing price(s) on observation date is/are compared to the knock-out level, knock-in level, strike level, if applicable.

KNOCK-OUT LEVEL

The predetermined price which when the underlying stock closes at or above on any observation date, will result in the ELN terminating before maturity.

TENOR

The length of time that the product is valid for.

INVESTMENT OUTCOMES

ELN WITH NO KNOCK-OUT FEATURE

OUTCOME 1

- Underlying stock price closed at or above the Strike Price at end of Tenor.
- Investor receives 100% Notional in cash.

OUTCOME 2

- Underlying stock Price closed below the Strike Price at end of Tenor.
- Investor buys the stock at the predetermined strike price equivalent to 100% Notional.
- Investors may incur a paper loss in the investment at maturity of the ELN.

OUTCOME 1

INVESTOR INVESTS IN AN **ELN** WITH A NOTIONAL AMOUNT OF **$100,000**

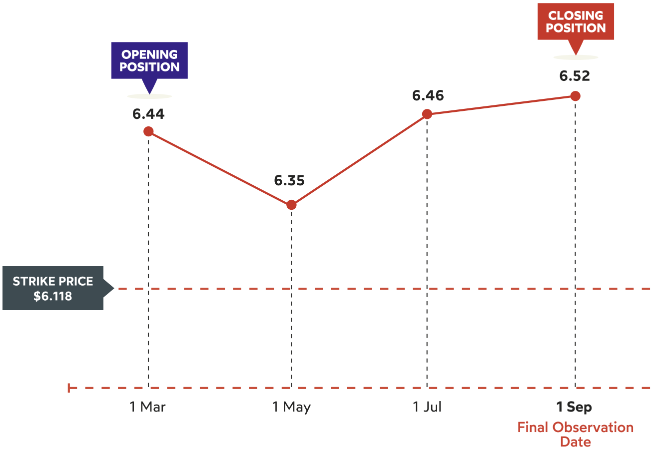
Notional Amount: **$100,000**

Maturity: **6 Months**

Cost Price: **95%**

Strike level: **95%**

STOCK A



Underlying	Performance of stock (Closing Position Price ÷ Opening Position Price) -1	Is closing price at or above strike price?
Stock A	($6.52 ÷ $6.44) – 1 = 1.24%	Yes

On the **Final Observation Date**, Stock A's closing price is above the strike price level.

Initial Investment = Notional Amount ($100,000) x Cost Price (95%)
= $95,000

WHAT DOES THE INVESTOR RECEIVE AT THE END OF THE INVESTMENT?

At maturity, Investor receives: Full notional amount = $100,000

Profit = $100,000 - $95,000 = $5,000
Percentage Gain = $5,000 ÷ $95,000 = 5.26%
Investor will gain $5,000 or 5.26% in 6 months.

OUTCOME 2

INVESTOR INVESTS IN AN **ELN** WITH A NOTIONAL AMOUNT OF **$100,000**

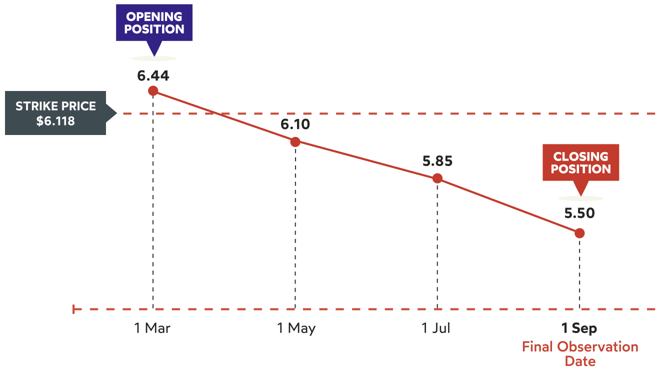
Notional Amount: **$100,000**

Maturity: **6 Months**

Cost Price: **95%**

Strike level: **95%**

STOCK A



Underlying	Performance of stock (Closing Position Price ÷ Opening Position Price) -1	Is closing price at or above strike price?
Stock A	($5.50 ÷ $6.44) - 1 = -14.59%	No

On the **Final Observation Date**, Stock A's closing price is below the strike price level.

Initial Investment = Notional Amount ($100,000) x Cost Price (95%)
= $95,000

WHAT DOES THE INVESTOR RECEIVE AT THE END OF THE INVESTMENT?

Total number of shares/cash the investor receives:
= Notional Amount ÷ Strike Price
= $100,000 ÷ $6.118
= 16,345 Units of Stock A, 0.21 units of stock A in cash

Loss = (16,345 x $5.50) - $95,000 = -$5,102.50
Percentage Loss = -$5,102.50 ÷ $95,000 = -5.37%
Investor will incur a paper loss of -$5,102.50 or -5.37% in 6 months.
Client only incurs a paper loss of -5.37% despite the stock dropping 14.59%.

INVESTMENT OUTCOMES

ELN WITH KNOCK-OUT FEATURE

OUTCOME 1

- Underlying stock price closes at or above the knock-out price at any of the Observation Date(s) (Early Redemption).
- Investor will receive 100% Notional in cash.

OUTCOME 2

- Underlying stock price closes below the knock-out price but remains above the Strike Price at end of Tenor.
- Investor will receive 100% Notional in cash.

OUTCOME 3

- Underlying stock price closes below Strike Price at end of Tenor.
- Investor buys the stock at the predetermined strike price equivalent to 100% Notional.
- Investors may incur a paper loss in the investment at maturity of the ELN.

OUTCOME 1

INVESTOR INVESTS IN AN **ELN** WITH A NOTIONAL AMOUNT OF **$100,000**

Notional Amount: **$100,000**

Maturity: **6 Months**

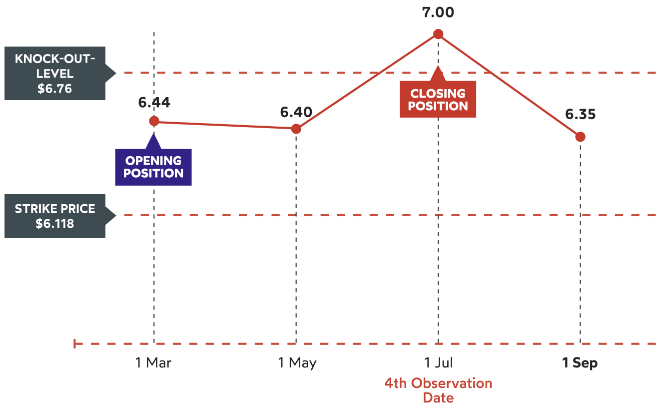
Observation Date Frequency: **Monthly**

Cost Price: **95%**

Strike level: **95%**

Knock-out Level: **105%**

STOCK A



Underlying	Performance of stock (Closing Position Price ÷ Opening Position Price) -1	Is closing price at or above knock-out price?
Stock A	($7.00 ÷ $6.44) – 1 = 8.70%	Yes

An Early Redemption Event occurred on the 4th observation date as Stock A's closing price is above the knock-out level.

Initial Investment = Notional Amount ($100,000) x Cost Price (95%)
= $95,000

WHAT DOES THE INVESTOR RECEIVE AT THE END OF THE INVESTMENT?

At maturity : Investor receives : Full notional amount = $100,000

Profit = $100,000 - $95,000 = $5,000
Percentage Gain = $5,000 ÷ $95,000 = 5.26%
Investor will gain $5,000 or 5.26% in 4 months.

OUTCOME 2

INVESTOR INVESTS IN AN **ELN** WITH A NOTIONAL AMOUNT OF **$100,000**

Notional Amount:
$100,000

Maturity:
6 Months

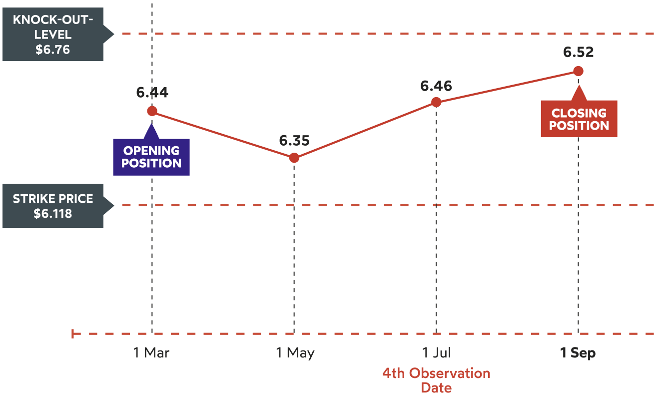
Observation Date Frequency:
Monthly

Cost Price:
95%

Strike level:
95%

Knock-out Level:
105%

STOCK A



Underlying	Performance of stock (Closing Position Price ÷ Opening Position Price) -1	Is closing price at or above knock-out price?
Stock A	($6.52 ÷ $6.44) – 1 = 1.24%	Yes

No Early Redemption, Stock A's closing price is above the strike price level.

Initial Investment = Notional Amount ($100,000) x Cost Price (95%)
= $95,000

WHAT DOES THE INVESTOR RECEIVE AT THE END OF THE INVESTMENT?

At maturity : Investor receives : Full notional amount = $100,000

Profit = $100,000 - $95,000 = $5,000
Percentage Gain = $5,000 ÷ $95,000 = 5.26%
Investor will gain $5,000 or 5.26% in 6 months.

OUTCOME 3

INVESTOR INVESTS IN AN **ELN** WITH A NOTIONAL AMOUNT OF **$100,000**

Notional Amount: **$100,000**

Maturity: **6 Months**

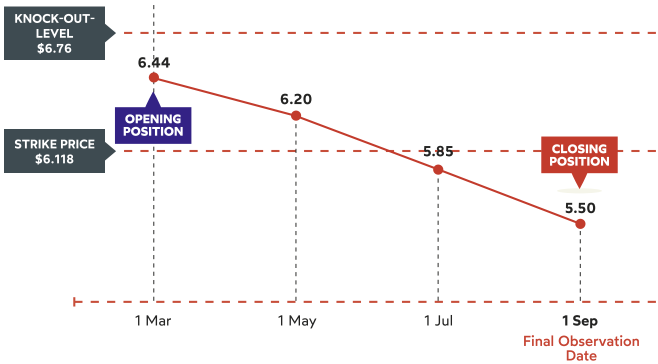
Observation Date Frequency: **Monthly**

Cost Price: **95%**

Strike level: **95%**

Knock-out Level: **105%**

STOCK A



Underlying	Performance of stock (Closing Position Price ÷ Opening Position Price) -1	Is closing price at or above knock-out price?
Stock A	($5.50 ÷ $6.44) – 1 = -14.59%	No

No Early Redemption, Stock A's closing price is below its strike price level.

Initial Investment = Notional amount ($100,000) x Cost Price (95%)
= $95,000

WHAT DOES THE INVESTOR RECEIVE AT THE END OF THE INVESTMENT?

Total number of shares the investor receives:
= Notional Amount ($100,000) ÷ Strike Price ($6.118)
= 16,345 Units of Stock A, 0.21 units of stock A in cash

Loss = (16,345 x $5.50) - Initial Investment ($95,000) = -$5,102.50
Percentage Loss = -$5,102.50 ÷ Initial Investment ($95,000) = -5.37%
Investor will incur a paper loss of -$5,102.50 or -5.37% in 6 months.
Client only incurs a paper loss of -5.37% despite the stock dropping 14.59%.

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BENEFITS & RISKS

BENEFITS

- Opportunity to enjoy an enhanced return that is typically higher than the stock's dividend.
- Opportunity to purchase underlying stocks at a discount.
- Flexible investment tenor (1-6 months).

RISKS

- Potential Losses of up to 100% of Capital Invested.
- Opportunity Cost.
- Liquidity Risk.
- Issuer's Credit Risk.

ADDITIONAL INFORMATION

WHAT IS OPENING POSITION / TRADE DATE?

Opening Position is when you enter the ELN on the Trade Date where all trade parameters are confirmed and observation starts.

WHAT IS ISSUE DATE?

It is typically 2 weeks after the trade date whereby settlement between UOB Kay Hian and the issuer takes place.

WHAT IS CLOSING POSITION / OBSERVATION DATE?

Closing Position occurs on the final observation date where the outcome of the ELN will be determined.

WHAT IS MATURITY DATE?

It is the date when investors receives cash / stocks as the settlement of the ELN. The processing of the settlement takes about 5 business days from the final observation date.

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