

**PRODUCT DISCLOSURE SHEET**  
[\(Click here for Bahasa Malaysia Version\)](#)

Kindly read this Product Disclosure Sheet ("PDS") together with the terms in the Letter of Offer before you decide to take up the Hong Leong Invoice Financing-i ("IVF-i") with Hong Leong Islamic Bank ("Bank"). Be sure to also read the general terms and conditions.

The information provided is merely general information of the product. The terms and conditions indicated in this PDS are tentative/ indicative and may change at the discretion of the Bank. Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

Please seek clarification from the Bank if you do not understand any part of this document or the general terms.



**Hong Leong  
Invoice Financing-i (IVF-i)**

**December 2024**

**1. What is this product about?**

- IVF-i is an Islamic trade financing facility which complies with Shariah principles to finance importation of goods, exportation of goods, local purchases of goods, local sales of goods and financing of domestic/ foreign operating expenses and/or services payables from/to approved suppliers/ buyers related to the Customer's or third party's main business authorised by Customer (subject to the Bank's approval).
- The IVF-i facilities are to be used only for genuine working capital purposes and must not be used to finance Customer's purchase of fixed assets. The actual sale price, financing tenure and maturity date are to be determined at point of each disbursement/ utilisation.

**2. What is the Shariah contract applicable?**

- IVF-i is based on the Shariah contract of Tawarruq, which refers to two (2) sale and purchase contracts. The first involves the sale of an asset (commodity) by the Bank to the Customer on a deferred basis. Subsequently, the Customer will sell the same asset (commodity) to a third party to obtain cash.
- The mechanics involved in IVF-i are as follows:
  1. Pursuant to the Purchase Undertaking (PU) as signed in the Letter Offer (LO) by the Customer, the Bank buys the commodity\* (same value as financing amount) from an approved Commodity Trading Platform (CTP) on spot (Bank now owns commodity);
  2. Bank sells the commodity to Customer at cost plus mark-up (same value as selling price) on deferred payment (bullet). Upon the purchase, the Customer now owns the commodity.
  3. Customer appoints the Bank as an agent to accept the purchase of the commodity (as per accepted LO) from the Bank. As owner of the commodity, Customer may opt to:
    - (a) take physical delivery/possession at his own expense; or
    - (b) sell the commodity to a third party for cash;
  4. If the Customer chooses 4(b), the Bank (as agent of the Customer) sells Customer's commodity (same value as financing amount) to a third party on spot for cash.
  5. Customer appoints the Bank as an agent to sell the commodity to a third party (same value as financing amount).
  6. Bank disburses the sale proceeds (financing amount) to the Customer.
  7. Customer pays the Bank on a deferred basis (bullet payment) at maturity date.

**\*Commodity:**

- (a) The commodity is in the form of Crude Palm Oil or any other Shariah-compliant commodities to be traded under the Facility, which shall be acceptable to the parties and as approved by the Shariah Committee of the Bank;
- (b) The trading is carried out on an approved multi-commodity trading platform for Islamic Trade financing products, which facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.

**3. What do I get from this product?**

- Multiple disbursements/utilisations within the approved Facility Limit.
- Financing tenure differs for each utilisation. Minimum period of financing is five (5) days and the maximum period must not exceed the approved financing tenure subject to a maximum period of three hundred and sixty-five (365) days.
- The minimum financing amount is Ringgit Malaysia One Thousand (RM1,000).

#### 4. What are my obligations?

##### Pricing:

- For every disbursement, you will have to pay bullet payment of profit and principal upon the respective maturity dates.
- Profit Rate (PR) is pegged to IVF-i Islamic Cost of Fund (ICOF) + Customer's spread.
- Sale Price which is inclusive of profit amount\* is fixed at point of each disbursement calculated based on prevailing PR illustrated as follows:

Profit Calculation Method		Discounting Method	Cost-Plus Method
Facility Limit	:	RM1,000,000.00	RM1,000,000.00
Invoice Amount	:	RM100,000.00	RM100,000.00
Profit Rate	:	6.110769%	6.05%
Financing Tenure	:	60 days	60 days
Profit Amount*	:	RM994.52	RM994.52
Financing Amount	:	RM99,005.48	RM100,000.00
Selling Price	:	RM100,000.00	RM100,994.52

*Numbers are for illustration purposes only.*

*\* Profit amount is fixed upfront at point of each disbursement but settlement of profit is on maturity. However, all other applicable charges are to be collected upfront (e.g. Remittance charges, trading fees, postage etc.).*

Commission	<ul style="list-style-type: none"> <li>• Rate as specified in the Letter of Offer</li> <li>• Minimum RM50.00</li> <li>• No Maximum</li> </ul>
------------	---

#### 5. What are the fees and charges I have to pay?

<b>Stamp Duties</b>	As per Stamp Duty Act 1949 (revised 1989).
<b>Legal and Disbursement Fees</b>	Solicitor fee as per the Solicitor's Remuneration Order 2005 including fees for registration of charge, land search, bankruptcy search, related government tax and other tax or levy as per the scale fees charged by the respective authorities.
<b>Others</b>	Please refer Trade Services Fees & Charges in our website at URL: <a href="https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html">https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html</a>

#### 6. What if I fail to fulfil my obligations?

<b>Compensation Charges for Late Payment (Ta'widh)</b>	<p>(a) For default causing the facility to be terminated or brought to court = Up to 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);</p> <p>(b) For default payment after expiry of facility tenure = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);</p> <p>(c) For default payment after court judgement has been obtained against you = IIMM rate on the basic judgement sum.</p> <p><b>Note:</b></p> <p>(i) Compensation charges shall not be added to the outstanding principal and shall not be more than the outstanding principal.</p> <p>(ii) Compensation charges method and rate are subject to changes as may be prescribed by BNM.</p> <p>(iii) Compensation charges is computed on a daily basis from the payment due date/maturity date/judgment date.</p>
--	--

<b>Right to set off</b>	The Bank may to set-off any credit balance in your deposit account maintained with the Bank against any outstanding balance subject to the issuance of seven (7) days' prior written notice to you.
<b>Right to commence recovery or legal action</b>	<p>Legal action will be taken if you fail to respond to reminder notices.</p> <ul style="list-style-type: none"> <li>Your asset may be foreclosed and you will have to bear all costs. In the event the sale proceeds are insufficient to settle in full the outstanding amount due and owing, you are also responsible to settle any shortfall.</li> <li>The Bank may commence recovery activities (including engaging third-party debt collection agencies), foreclosure and bankruptcy proceedings.</li> </ul> <p><b>Note:</b> Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p>
<b>7. What if I fully settle the financing before its maturity?</b>	
<ul style="list-style-type: none"> <li>The Bank will grant you rebate (<i>Ibra'</i>) at the point of early (partial / full) settlement. Rebate formula as below:</li> </ul> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> Rebate (<i>Ibra'</i>) on early settlement = Remaining Unearned Profit </div> <p><b>Note:</b> (i) Remaining Unearned Profit = Total Profit (-) Accrued Profit  (ii) Total Profit = Selling Price (-) Financing Amount  (iii) No early settlement fee will be imposed</p>	
<b>8. Do I need any takaful coverage?</b>	
<p>The following takaful coverage are recommended/required to be taken from the Bank's panel:</p> <ul style="list-style-type: none"> <li>Takaful coverage to cover the company in the event of death or permanent disability of the customer or key men of the company (if applicable).</li> <li>Takaful over the goods (where applicable).</li> </ul>	
<b>9. What are the major risks?</b>	
For default payment, you shall be levied with compensation charges for late payment.	
<b>10. What do I need to do if there are changes to my contact details?</b>	
It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner. To update your correspondence details, please contact us at +603-76268899 or visit any of our branches/ business centres nationwide.	
<b>11. Where can I get assistance and redress?</b>	
<ul style="list-style-type: none"> <li>If you have difficulties in making payment, you should contact us earliest possible to discuss payment alternatives. For any enquiries, you may contact us at: <div style="margin-left: 40px;"> Contact Centre : 03-7626 8899 / 03-7661 7777  Fax : 03-7946 8888  E-mail : <a href="mailto:HLOnline@hlbb.hongleong.com.my">HLOnline@hlbb.hongleong.com.my</a> </div> </li> <li>Alternatively, you may seek the services of: <ol style="list-style-type: none"> <li><b>Khidmat Nasihat Pembiayaan (KNP)</b>, a service formalised by Bank Negara Malaysia (BNM) in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling &amp; Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small &amp; Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. You may contact NKP at: <div style="margin-left: 40px;"> <u><a href="mailto:MyKNP@CGC">MyKNP@CGC</a></u> Advisory Unit under CGC  Address : CGC Advisory at any CGC branches nationwide. </div> </li> </ol> </li> </ul>	

Please refer to CGC website for the branch location at <https://www.cgc.com.my/cgc-branches>.

Telephone : 03- 7880 0088  
E-Mail : [myknp@cg.com.my](mailto:myknp@cg.com.my)  
Website : <https://www.bnm.gov.my/MyKNP>

- b) **Agensi Kaunseling dan Pengurusan Kredit (AKPK)**, an agency established by Bank Negara as a one-stop platform for both individuals and SMEs seeking financing restructuring services as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Address : Tingkat 5 & 6, Menara Bumiputra Commerce, Jalan Raja Laut 50350 Kuala Lumpur, Federal Territory  
Telephone : 1-800-88-2575  
E-mail : [enquiry@akpk.org.my](mailto:enquiry@akpk.org.my)  
Website : <https://www.akpk.org.my/smehelpdesk>

- To make a complaint on products or services offered, you may contact us at:

**Customer Advocacy**

Address : Level 13A Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone : 03-76268821 / 03-76268802 / 03-76268812  
E-mail : [customerservice@hlbb.hongleong.com.my](mailto:customerservice@hlbb.hongleong.com.my)

- If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia at:

**Bank Negara Malaysia LINK or BNMLINK**

Address : 4th Floor, Podium Bangunan AICB, No. 10, Jalan Dato' Onn, 50480 Kuala Lumpur  
Telephone : 1-300-88-5465  
Fax : 03-2174 1515  
Website : <https://bnmlink.bnm.gov.my>

## 12. Where can I get further information?

Should you require additional information on Invoice Financing-i ("IVF-i"), please visit any of our business centres nationwide or you may visit our website at [www.hlisb.com.my](http://www.hlisb.com.my).

## 13. Other Business Trade Services-i Available

- Trust Receipt-i (TR-i)
- Letter of Credit-i (LC-i)
- Accepted Bills-i Purchase / Sale (AB-i)
- Bank Guarantee-i (BG-i)
- Shipping Guarantee-i (SG-i)
- Inward/Outward Bill For Collection-i (IBC-i / OBC-i)
- Hong Leong Onshore Foreign Currency Financing-i (OFCF-i)

**IMPORTANT NOTICE**

**THE BANK MAY PROCEED WITH LEGAL ACTION AND FORECLOSURE OF YOUR ASSET FINANCED BY OR CHARGED AS COLLATERAL TO THE BANK SHOULD YOU FAIL TO PAY YOUR PAYMENT PROMPTLY**

The information provided in this disclosure sheet is valid as at December 2024.