

## PRODUCT DISCLOSURE SHEET



Kindly read this Product Disclosure Sheet together with the terms in the letter of offer before you decide to take the Trust Receipt-i (TR-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 Product Disclosure Sheet 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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

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## Trust Receipt-i (TR-i)

May 2018

### 1. What is this product about?

- TR-i is a trade financing facility to finance customer's trade related purchases evidenced by proper and adequate documentation. The actual sale price, financing tenure and maturity date is to be determined at point of each disbursement/utilisation.
- TR-i financing permits only halal goods which are not listed under the Bank Negara Malaysia's AB-i Guidelines. Purchase of services and fixed assets are not eligible for TR-i financing.

### 2. What is the Shariah concept applicable?

- TR-i is based on Shariah principles of Murabahah Purchase Order (MPO) with Wa'ad (Unilateral Promise) and Wakalah (Agency) in a transaction whereby three parties are involved, namely the Bank (i.e. Seller), the supplier and the purchase orderer (i.e. Customer).
- The mechanics involved in TR-i financing for every utilisation of TR-i facility:
  - Bank (i.e. Seller) appoints Customer (i.e. Purchase Orderer) under Shariah principle of Wakalah as the undisclosed purchasing agent of the Shariah compliant goods on behalf of Bank.
  - Customer gives promise (Wa'ad) to purchase Shariah Compliant goods from Seller.
  - Customer on behalf of Bank, purchases the Shariah compliant goods from Supplier.
  - By virtue of the promise to purchase by Customer, Bank sells the Shariah Compliant goods to Customer at markup price (same value as selling price) on deferred payment basis. Customer now owns the goods.

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

- Multiple disbursements/utilisation within the approved Facility Limit.
- Profit Rate (PR) is pegged to Islamic Financing Rate (IFR) + Customer's spread
- Financing tenure differs for each utilisation. Generally ranges from 30 days to 120 days
- Sale Price which is inclusive of profit charges is fixed at point of each disbursement calculated based on prevailing PR illustrated as follow:

#### ***Illustration only***

Facility Amount/Limit	:	RM1,000,000.00
Utilised Amount	:	RM400,000.00
Tenure	:	60 days
Profit Rate	:	9.0%
Selling Price	:	RM 405, 917.81
Profit Amount	:	RM 5,917.81

### 4. What are my obligations?

- For every utilisation of TR-i facility, you will have to pay bullet payment of profit and principal (at maturity)
- Sale price is to be fully paid at maturity of every utilisation amount

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

Stamp Duties	As per Stamp Duty Act 1949 (revised 1989).
Legal and Disbursement Fees	Solicitor fee as per the Solicitor's Remuneration Order 2005 including fees for registration of charge, land search, bankruptcy search, goods & services tax (GST) and other tax or levy as per the scale fees charged by the respective authorities.
Others	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>

**Important:** Effective 1<sup>st</sup> April 2015, Goods and Services Tax (GST) shall be imposed on fees and charges, where applicable.

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

Compensation Charges for Late Payment	<p>a) For default instalment payment(s) during facility tenure = 1% p.a. on the overdue amount;</p> <p>b) For default causing the facility to be terminated or brought to court = 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);</p> <p>c) 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>d) For default payment post judgment = IIMM rate on the basic judgment sum.</p> <p><b>Note:</b> (i) Compensation charges shall not be compounded and more than the outstanding principal (ii) Compensation charges method and rate are subject to changes as may be prescribed by BNM (iii) Compensation charges is computed on a daily basis from the payment due date/maturity date/judgment date</p>
Right to set-off	The Bank is entitled to set-off any credit balance in your deposit account maintained with the Bank against any outstanding balance.
Right to commence recovery or legal action	<ul style="list-style-type: none"><li>Legal action will be taken if you fail to respond to reminder notices. Your asset may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your asset is sold.</li><li>The Bank has a right to 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>

### 7. What if I fully settle the financing before its maturity?

- The Bank to grant you rebate (Ibra') at the point of full early settlement. Rebate formula as below:

Rebate on early settlement = Remaining Unearned Profit

**Note:** (i) Remaining Unearned Profit = Total Profit (-) Accrued Profit  
(ii) Total Profit = Selling Price (-) Financing Amount

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### 8. Do I need any takaful/insurance coverage?

The following takaful coverage are recommended/required to be taken from the Bank's panel:

- Mortgage Reducing Term Takaful (MRTT) or any equivalent takaful coverage/insurance policies to cover the company in the event of death or permanent disability of the customer or key men of the company (if applicable)
- Fire takaful/insurance if property is given as security for the financing (compulsory)

### 9. What are the major risks?

The Customer as purchasing agent is liable against liabilities, losses, cost, damages, fees (including legal fees) and expenses or whatsoever kind or nature which the Bank may sustain or incur by reason of or in consequence of purchasing agent acting or omitting to act in capacity as purchasing agent due to fault, negligence, and breach of terms and conditions.

### 10. What do I need to do if there are changes to my contact details?

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 business centres nationwide.

### 11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact us at:

Hong Leong Islamic Bank, Wholesale Banking-i,  
Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone No. : +603-2081 8888  
E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://www.hlisb.com.my)

- Small Debt Resolution Committee (SDRC), established by Bank Negara Malaysia that provides assistance to viable small and medium scale enterprises (SMEs). You may contact SDRC at:

SDRC Secretariat, Development Finance and Enterprise Department  
Address : Bank Negara Malaysia (BNM), Jalan Dato' Onn 50480 Kuala Lumpur  
Telephone No. : 1-300-88-5465  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.bnm.gov.my](http://www.bnm.gov.my)

- If you wish to complaint on the products or services provided by us, you may contact us at:

Hong Leong Islamic Bank, Wholesale Banking-i,  
Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone No. : +603-2081 8888  
E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://www.hlisb.com.my)

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

Bank Negara Malaysia LINK or TELELINK  
Address : Block D, Bank Negara Malaysia, Jalan Dato' Onn, 50480 Kuala Lumpur.  
Telephone No. : 1-300-88-5465  
Fax : +603-2174 1515  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.ofs.org.my](http://www.ofs.org.my)

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### 12. Where can i get further information?

Should you require additional information on Trust Receipt-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) or [www.bankinginfo.com.my](http://www.bankinginfo.com.my) website

### 13. Other Financing Packages Available

- Hong Leong Commodity Murabahah Term Financing-i
- Hong Leong CM Flexi Term Financing-i
- Hong Leong Commodity Murabahah Revolving Credit-i
- Hong Leong CM Cashline-i
- Other Islamic Trade Financing-i

### IMPORTANT NOTICE

**THE BANK HAS THE RIGHT TO 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 March 2018