

PRODUCT DISCLOSURE SHEET
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Hong Leong
Trust Receipt-i (TR-i)

November 2023

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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

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

1. What is this product about?

- TR-i is an Islamic trade financing facility, which complies with Shariah principles, to finance the 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 the point of each disbursement/utilisation.
- TR-i is strictly for financing of working capital requirements and must not be used to finance the purchase of fixed assets i.e. plant, machinery etc.

2. What is the Shariah Contract applicable?

- TR-i is based on Shariah contract of Murabahah Purchase Orderer (MPO). Murabahah refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser. MPO refers to an arrangement whereby the purchase orderer (purchaser i.e. Customer) promises (Wa`d) to purchase an identified and specified asset from a seller on Murabahah terms upon the latter's acquisition of the asset.
- The mechanics involved in TR-i financing for every utilisation of TR-i facility:
 1. Bank (i.e. Seller) appoints Customer (i.e. Purchase Orderer) under Wakalah contract as the undisclosed purchasing agent of the Shariah compliant goods on behalf of Bank.
 2. Customer gives promise (Wa`d) to purchase Shariah Compliant goods from Seller.
 3. Customer on behalf of Bank, purchases the Shariah compliant goods from Supplier.
 4. By virtue of the promise to purchase by Customer, Bank sells the Shariah Compliant goods to Customer at mark-up 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/utilisations within the approved Facility Limit.
- Financing tenure differs for each utilisation. Generally ranges from thirty (30) days to hundred and twenty (120) days.

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.

Pricing/Other Commitment:

1. TR-i's Profit Rate (PR) is pegged to Islamic Financing Rate (IFR) + Customer's spread (% per annum (p.a))
2. Commission to be borne by Customer as below:

Commission	If documents directly presented by customer		In addition, rate specified In the Letter of Offer
	For bills denominated in foreign currency	0.10% flat Min RM50.00 Max RM150.00	
For bill denominated in local currency	0.10% flat Minimum RM50.00 Maximum RM500.00		

- Sale Price which is inclusive of profit charges is fixed at point of each disbursement calculated based on prevailing Profit Rate (PR) illustrated as follows:

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

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, related government tax 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: https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/trade-service-i.html

Note: All fees, commissions, charges and other monies payable shall be exclusive of and subject to any Government Tax, where applicable.

6. What if I fail to fulfil my obligations?

Compensation Charges for Late Payment	<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 judgment sum.</p> <p>Note:</p> <ul style="list-style-type: none"> (i) Compensation charges shall not be added to the outstanding principal and shall not be 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.
Right to Set-off	The Bank may set-off/deduct any credit balance in your deposit account maintained with the Bank against any outstanding balance subject to issuance of seven (7) days' prior written notice to you.
Right to commence recovery or legal action	<ul style="list-style-type: none"> • 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. In the event the sale proceeds are insufficient to settle in full the outstanding amount due and owing, you will be responsible to settle any shortfall. • The Bank may commence recovery activities (including engaging third-party debt collection agencies), foreclosure and bankruptcy proceedings. <p>Note: 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?

- Customer is to be granted rebate (*Ibra'*) for early settlement, which shall be calculated as follows :

Rebate on early settlement = Remaining unearned profit
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Note: (i) *Remaining Unearned Profit = Total Profit (-) Accrued Profit*
(ii) *Total Profit = Selling Price (-) Financing Amount*

8. Do I need any takaful 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 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 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 branches/ business centres nationwide.

11. Where can I get assistance and redress?

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

Hong Leong Islamic Bank Berhad, Commercial and SME Banking

Address : Level 9, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Telephone : +603-7661 7777
E-mail : sme@hlbb.hongleong.com.my
Website : www.hlisb.com.my

- Alternatively, you may seek the services of:

- a) **Khidmat Nasihat Pembiayaan (KNP)**, a service formalised by Bank Negara Malaysia (BNM) in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling & Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small & Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. You may contact KNP at:

MyKNP@CGC Advisory Unit under CGC

Address : CGC Advisory at any CGC branches nationwide.
Please refer to CGC website for the branch location at <https://www.cgc.com.my/cgc-branches>.
Telephone : 03- 7880 0088
E-Mail : myknp@cgc.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
Website : <https://www.akpk.org.my/smehelpdesk>

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

Customer Advocacy

Address : Level 13A Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Telephone : 03-76268801 / 03-76268802 / 03-76268812
E-mail : 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 Trust Receipt-i, please visit any of our business centres nationwide or you may visit our website at www.hlisb.com.my website.

13. Other Business Trade Services-i Available

- Letter of Credit-i (LC-i)
- Accepted Bills-i Purchase / Sale (AB-i)
- Bank Guarantee-i (BG-i)
- Shipping Guarantee-i (SG-i)
- Hong Leong Invoice Financing-i (IVF-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 November 2023.