

**PRODUCT DISCLOSURE SHEET**

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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and financing approval for the financing.

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



**Hong Leong  
Shipping Guarantee-i (SG-i)**

**October 2020**

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

- SG-i is an Islamic trade financing facility, which complies with Shariah principles. SG-i is an indemnity issued by the bank addressed to the shipping company on the instruction of the importer for release of goods without the production / presentation of original Bills of Lading (BL).
- The guarantee is to accommodate importer / buyer who may need to clear goods urgently, prior to receipt of the original bill of lading from the negotiating bank. The bank undertakes to indemnify the shipping company or its agent against all consequences and / or liabilities relating to the delivery of the merchandise under this guarantee.
- SG-i is valid indefinitely, i.e. no expiry date and amount. It is valid until such time as the original Bill of Lading is presented by shipping company for redemption.

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

- SG-i is based on the Islamic principle of Kafalah bil Ujrah (guarantee with service fee). Kafalah refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability. Kafalah bil Ujrah allows the guarantor to impose a fee or commission for providing the kafalah service.
- Under this principle, the bank guarantees to pay an agreed sum to the shipping company or its agent in case customer fails or default incapable in fulfilling its obligation as per conditions set out in the guarantee.

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

- The ability to obtain goods faster especially in cases of unforeseen delay in the arrival of the Bill of Lading/Airway Bill/Parcel Post Receipt
- Savings on port charges and demurrage fees etc.
- Commission charges ranging from 0.1% flat per invoice value or rate specified in the Letter of Offer subject to a minimum of specified in the Letter of Offer per SG-i,

**4. What are my obligations?**

- To fulfil your obligation as per conditions set out in the guarantee.
- To return the guarantee within three (3) months from date of issuance.
- For every issuance of SG-i facility, you will have to pay commission upfront.

**5. Besides commission fee 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>

**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?

<b>Charges for non-return of guarantee</b>	0.5% p.a. (on monthly basis) from third month until date of return of SG-i
<b>Compensation Charges for Late Payment (for each transaction)</b>	<p>(a) 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>(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><b>Note:</b></p> <p>(i) <i>Compensation charges shall not be added to the outstanding principal and shall not be more than the outstanding principal</i></p> <p>(ii) <i>Compensation charges method and rate are subject to changes as may be prescribed by BNM</i></p> <p>(iii) <i>Compensation charges is computed on a daily basis from the payment due date/maturity date/judgment date</i></p>
<b>Right to set-off</b>	The Bank may set-off/deduct any credit balance in your deposit account maintained with the Bank against any outstanding balance in this account subject to the issuance of a seven (7) days' prior written notice to you.
<b>Right to commence recovery or legal action</b>	<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> <i>Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</i></p>

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

Early settlement is not applicable.

## 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?

- In case SG-i is claimed by the beneficiary, you are required to pay guarantee amount paid by the Bank immediately.
- Should you fail to service your payment obligation in a timely manner, you shall be levied with compensation charges or any other rate determined by Bank Negara Malaysia (BNM).

## 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, you may visit any of our branches/ business centres nationwide or inform us in writing 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  
E-mail : [sme@hbb.hongleong.com.my](mailto:sme@hbb.hongleong.com.my)

## 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 Berhad, Commercial and SME Banking,

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

- Agensi Kaunseling Dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on Money Management, Credit Counselling, Financial Education and Debt Restructuring for Individuals and SMEs. you may contact AKPK at

Address : Agensi Kaunseling dan Pengurusan Kredit (AKPK),  
Tingkat 5 dan 6, Menara Bumiputra Commerce  
11 Jalan Raja Laut  
50350 Kuala Lumpur

Telephone No. : 03-2616-7766  
E-mail : [enquiry@akpk.org.my](mailto:enquiry@akpk.org.my)  
Website : <https://www.akpk.org.my/>

- If you wish to complaint on the products or services provided by us, 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 No. : +603-7661 7777  
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)

## 12. Where can i get further information?

Should you require additional information on SG-i, please visit any of our business centre 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 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 October 2020.