

PRODUCT DISCLOSURE SHEET
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Kindly read this Product Disclosure Sheet ("PDS") together with the terms in the Letter of Offer before you decide to take up the Accepted Bills-i Sale ("AB-i Sale") with Hong Leong Islamic Bank ("Bank"). Be sure to also you 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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.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.

Accepted Bills-i Sale (AB-i Sale)

December 2024

1. What is this product about?

- AB-i Sale is an Islamic trade financing facility, which complies with Shariah principles to finance customer's genuine trade related sale/export of goods to another person who may be a resident (any party within Malaysia) or non-resident (any party outside Malaysia), evidenced by proper and adequate documentation. The actual selling price, financing tenure and maturity date are to be determined at point of each disbursement / utilisation.
- Accepted Bills-i in general is a usance bill of exchange drawn by the customer to his/her order and accepted by the Bank and payable on a specified future date.
- AB-i Sale facilities are used only for genuine working capital requirements and must not be used to finance sales of fixed assets or services.

2. What is the Shariah contract applicable?

- AB-i Sale is based on Shariah contract of Tawarruq, which refers to two (2) sale and purchase contracts. The first involves the sale of an asset by the Bank to the Customer on a deferred basis. Subsequently, the Customer will sell the same asset to a third party to obtain cash.
- The mechanics involved in AB-i Sale:
 1. Bank buys the commodity* (which is used as underlying asset) (at same value as financing amount) from a commodity supplier on spot (Bank now owns commodity);
 2. Customer has appointed the bank as an agent (wakil) to accept the commodity that Bank purchased and also as an agent to sell the commodity to third party.
 3. Bank then sells the commodity to Customer at cost plus mark-up (Murabahah) (same value as selling price) on deferred payment (instalment). Upon the purchase, the Customer now owns the commodity. Murabahah is a sale and purchase of an asset where the acquisition cost and mark-up are disclosed to the Customer.
 4. As owner of commodity, Customer may opt to:
 - (a) take physical delivery/possession of the commodity at his own expense ; or
 - (b) sell the commodity to a third party for cash;
 5. If the customer chooses 4 (b), Bank (as agent of the Customer) sells Customer's commodity (at same value as financing amount) to third party on spot for cash;
 6. Bank disburses sale proceeds (financing amount) to 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?

- Profit Rate (PR) is pegged against the rate of AB-i (Sale) Islamic Cost of Funding to be quoted by the Bank at the point of utilisation + Accepted Commission.
- Multiple disbursements/utilisation within the approved Facility Limit.
- Financing tenure differs for each utilisation. Minimum period of financing is twenty-one (21) 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 set at RM 50,000 and in multiples of RM 1,000.

4. What are my obligations?

Pricing:

- For every utilisation of AB-i Sale, you have to make bullet payment on the whole profit and principal at maturity.
- Selling price is to be fully paid at maturity of every disbursement. Profit Rate is fixed upfront for each utilisation based on AB-i Islamic Cost of Fund ("ICOF") + Accepted Commission.

Profit Rate	AB-i Islamic Cost of Fund (ICOF) + Acceptance Commission* (spread) (%) per annum (p.a.)
Acceptance Commission*	<ul style="list-style-type: none">Rate as specified in the Letter of OfferMinimum RM50.00No Maximum

- Selling Price which is inclusive of profit charges is fixed at point of each disbursement calculated based on prevailing AB-i Islamic ICOF Rate illustrated as follows:

i) Computation of Financing Value (Cost Price)

$$FV = IV \left(1 - \frac{r \times t}{36500} \right)$$

Where: FV = Financing Value
IV = Invoice Value (Selling Price)
r = Profit Rate
t = Financing Tenure

Illustration only

Invoice Value (Selling Price)	RM 1,000,000.00
Tenure	90 days
AB-i ICOF rate	3.5% p.a.
Accepted commission rate	3.0% p.a.
Financing Value (Cost Price)	RM 991,369.87
Accepted Commission*	RM 7,397.26

*Accepted Commission is charged upfront. Hence, it is not part of the Selling Price.

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

6. What if I fail to fulfil my obligations?

Compensation Charges for Late Payment (Ta'widh)	<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>Note:</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>
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Right to set off	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.
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 are also 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?	
<ul style="list-style-type: none"> The Bank will grant you rebate (Ibra') at the point of early (partial / full) settlement. Rebate formula is as below: <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> Rebate on early settlement = Remaining unearned profit </div> <p>Note: (i) Remaining Unearned Profit = Total Profit (-) Accrued Profit (ii) Total Profit = Selling Price (-) Financing Amount (iii) No early settlement fee will be imposed</p> <ul style="list-style-type: none"> Customer is to be granted rebate for prepayment after considering the applicable pre-payment cost. Prepayment is allowed subject to the AB-i Sale draft is not sold to the secondary market. Early partial settlement is not allowed. 	
8. Do I need any takaful coverage?	
<p>The following takaful coverage are recommended/required to be taken from the Bank's panel:</p> <ul style="list-style-type: none"> 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). Takaful over the goods (where applicable). 	
9. What are the major risks?	
<p>For default payment, you shall be levied with compensation charges for late payment.</p>	
10. What do I need to do if there are changes to my contact details?	
<p>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.</p>	
11. Where can I get assistance and redress?	
<ul style="list-style-type: none"> If you have difficulties in making payments, you should contact us earliest possible to discuss on payment alternatives. For any enquiries, you may contact us at: <div style="margin-left: 40px;"> Contact Center : 03-7626 8899 / 03-7661 7777 Fax : 03-7946 8888 E-mail : HLOnline@hlbb.hongleong.com.my </div> Alternatively, you may seek the services of: <ol style="list-style-type: none"> Khidmat Nasihat Pembiayaan (KNP), a service formalised by Bank Negara Malaysia (BNM) in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling dan 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 NKP at: <div style="margin-left: 40px;"> <u>MyKNP@CGC Advisory Unit under CGC</u> 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 </div> 	

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>

- 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

- 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 Accepted Bills-i Sale ("AB-i Sale"), please visit any of our business centres nationwide or you may visit our website at 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 (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 December 2024.