

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take up the Advance Against Trade facility with Hong Leong Bank Bhd. 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 or 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Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement (if any) after credit assessment and loan approval.

Seek clarification from your institution if you do not understand any part of this document or the general terms.

**Hong Leong Bank Bhd
Transaction Banking,
Business and Corporate
Banking**

**Product: Advance Against
Trade (AAT)**

Date: / /

1. What is this product about?

Advance Against Trade (AAT) is a financing made available to direct exporters to

- i) finance their purchase of domestic and/or foreign inputs prior to shipment (it must not be used to finance the customers' purchase of fixed assets.)
- ii) finance the post shipment portion (upon shipment) of their export of goods to overseas buyers.

AAT financing is divided into two types, namely Pre-shipment and Post-shipment financing:

a) Advance Against Trade - Pre-shipment financing ("AAT-Pre")

The AAT-Pre is used to advance genuine purchases of raw materials/working capital requirements for production of goods for export that is related to customers' nature of business.

Upon the financing of the corresponding Advance Against Trade - Post shipment (AAT-Post) transaction, the financing proceeds must be used to offset the outstanding AAT-Pre financing first before the balance (if any) is credited to customer's account in the Bank. The AAT-Pre financing may also be offset with proceeds from other pre-existing post-shipment financing products offered to the customer.

2. Advance Against Trade - Post-shipment financing ("AAT-Post")

The AAT-Post is to finance the post shipment portion of direct exporter's sales of goods to overseas buyers.

2. What do I get from this product?

- a) Advance Against Trade Facility

Item	Description
Facility Amount	RM <Total Facility Amount>
Margin of Financing (Spread)	< >% per annum (p.a.)

- b) The AAT provides exporters with ready access to credit facilities at competitive interest rates.
- c) AAT financing provides working capital upon receipt of export orders.
- d) Allows the exporter to pay their suppliers early and secure better pricing.
- e)

Product	Minimum Period of Financing	Maximum Period of Financing	Minimum Financing Amount
AAT-Pre	7 days	Generally, set at 90 days to coincide with customers' production cycle	RM20,000
AAT-Post	7 days	Generally, set at 120 days to coincide with customers' operating cycle based on sales credit terms/ receivable period.	RM20,000

3. What are my obligations?

- a) To place in the Bank's custody upon AAT-Pre drawdown, the original Letter of Credit (LC) or original/certified copy of Purchase Order (PO) or Sales Contract (SC) signed by your Authorized Personnel and thereafter you will not accept any amendment, variation or cancellation of the said LC/PO/SC without giving the Bank prior written notification.
- b) To deliver to the Bank upon AAT-Post drawdown, all drafts and documents related to the negotiation of the said LC, namely the Invoice(s) and Transport Documents etc of the said PO or SC prior to the maturity date of the related AAT-Pre granted.
- c) You must utilize the financing proceeds from correlating AAT-Post or other existing Post-Shipment Financing facilities offered by the Bank to offset the outstanding AAT-Pre bill, before the residual balance of the said financing proceeds (if any) is credited to your account in the Bank.
- d) You have not obtained and will not obtain any other source of financing for the trade transaction concerned.
- e) The documents presented to the Bank to support the financing must relate to genuine and current trade transactions.
- f) You authorize the Bank to debit your account in the Bank for the interest and any charges, costs or expenses with respect to this Advance Against Trade.
- g) What are the cut-off times to observe for AAT issuance?

TRADE PRODUCT	CUT-OFF TIME
AAT financing (RENTAS)	12 pm
AAT financing (Non-RENTAS) <i>*(Foreign currency payment is subject to cut-off time for each currency. Refer to Trade Services Centre for cut-off time for each currency)</i>	2 pm*

- h) **AAT Pricing**
AAT Cost of Funds (AAT COF) + Spread [_% per annum (p.a.)]

AAT Pre

Interest shall be computed from the financing date until payment is received on maturity date:-

$$\text{Interest} = \frac{\text{Principal} \times (\text{AAT COF} + \text{Spread}) \times \text{Tenure}}{365}$$

AAT Post

Customer will be advanced the discounted proceeds where the interest is payable upfront.

$$\text{Discounted proceeds} = \frac{P [1 - (\text{AAT COF} + \text{Spread}) \times \text{Tenure}]}{365}$$

4. What other charges do I have to pay?

Handling Fee

- RM 100.00 per AAT if face value is less than RM20,000

Cost of Postage

- RM 5.00 flat

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

5. What if I fail to fulfil my obligations?

- a) An early or partial settlement of AAT-Post via debiting of your account in the Bank without presentation of export documents through the Bank attracts penalty charge of 0.125% against the settlement amount.
- b) A transaction will be converted to past due bill if payment is not received from you on the maturity date.
- c) Past due bill shall be charged a penalty interest at BLR + penalty rate until repayment date. **The present penalty rate is 3.5% p.a.**
- d) The AAT facility and other trade facility(ies) will be suspended immediately.

a) Right to commence recovery or legal action:

- (i) **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.**
- (ii) The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.

Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.

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

It is important that you inform us immediately of any change in your contact details to ensure that all correspondences reach you in a timely manner.

7. Where can I get assistance and redress?

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

Contact Center : 03-7626 8899 /03-7661 7777
 Facsimile : 03-7946 8888
 E-mail : HLOnline@hlbb.hongleong.com.my

- Alternatively, you may seek the services of:

Khidmat Nasihat Pembiayaan (KNP), a service formalize by Bank Negara Malaysia 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 and Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks.

You may contact KNP at:

- a) MyKNP@CGC Advisory Unit Under CGC

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

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

Agensi Kaunseling dan Pengurusan Kredit (AKPK)
 Address : Tingkat 8 Maju Junction Mall 1001, Jalan Sultan Ismail 50250 Kuala Lumpur
 Telephone : 03- 2616 7766
 E-mail : enquiry@akpk.org.my

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

Customer Advocacy
Level 13A Floor, Menara Hong Leong,
No 6, Jalan Damanlela, Bukit Damansara,
50490 Kuala Lumpur.
Phone: 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 BNMTELELINK
Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur.
Telephone : 1-300-88-5465
Fax : 03-2174 1515
E-mail : bnmtelelink@bnm.gov.my
Website : www.ofs.org.my

8. Where can I get further information

Should you require additional information, please refer to the banking info booklet on www.bankinginfo.com.my website.

Alternatively, please contact us at:

**Trade Sales & Product
Hong Leong Bank Berhad
Level 10, Menara Hong Leong
6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : (03) 7661 7777
Or visit www.hlb.com.my**

The information provided in this disclosure sheet is valid as at [/ /]