

## PRODUCT DISCLOSURE SHEET

Dear Customer,

This Product Disclosure Sheet (PDS) provides you with key information on your Trade Services/Financing. Other customers have read this PDS and found it helpful; you should read it too.



HSBC Bank Malaysia Berhad

Date:

### (1) What is a Receivables Finance?

Receivables Finance (RF) is a product designed to provide your business with immediate and secure cash payment of up to maximum 90% of the value of your local and export sales invoices, from the point your business/company sell goods to a Buyer until, the Buyer settles their account at the end of the agreed credit term. The remainder 10% or more, less the financier's fee, is paid to your business/company when the full invoice payment is received from the Buyer and cleared by our Bank. In this relationship, Buyer is notified of the sale of receivables and payments are to be made directly from the Buyer to our Bank.

Under RF proposition, you are required to assign to the Bank absolutely, all rights and titles in all existing and future debts owed by an approved Buyer upfront via the execution of the Receivables Finance Agreement. You are required to promptly perform all your sales obligation to your Buyer under each Contract of Sales, and, at HSBC's request, to provide satisfactory evidence of performance to pursue payment from your Buyer. You are obliged to: -

- Notify HSBC immediately of any dispute of any kind between your business/company and the Buyer relating to a Debt under the Contract of Sales and to resolve that dispute immediately.
- Ensure due and punctual payment by Buyer to HSBC of all debts.

In the event that the Buyer fails to make timely payment and/or upon occurrence of a recourse event (e.g. disputed debts, non-performance of obligations under the invoices), the Bank may request you to repurchase such disputed debts and/or to repay HSBC such relevant sum which become due and payable due to a recourse event (as defined in the Receivables Finance agreement). Kindly note as RF is a product designed on a revolving and whole turnover basis vis-à-vis an approved Buyer, the Bank will not be able to provide notice of re-assignment for each disputed debt repurchased by you until the facility is terminated and/or expired and notice of re-assignment may be issued if applicable. Nonetheless on a case-to-case basis, notice of re-assignment may be issued upon request subject to the Bank's approval.

#### Benefits – What do I get from this product?

Essentially, RF is a complete financing package that combines working capital financing, credit risk protection and collection services. In short, there are three (3) main elements of RF facilities:

Financing	Financing is made available to the Seller when its account receivables to local or overseas buyers are sold to the Bank through the Receivables Finance agreement. RF facility is directly linked to your sales, and not the collateral.
Credit Protection	You can mitigate your Buyer risk through our credit protection option, which can cover up to 90% of your sales
Sales Ledger Management and Collection of Payment on Invoices	This refer to cases where your business/company is able to outsource your sales ledger management and collection to our Bank through our dedicated credit control function

### (2) Know Your Obligations

You will need to pay for a Service Charge of up to a max of 0.75% flat on the invoice value and if financing is required, you will need to bear the discounting charge which is calculated daily on the discounted amount extended to seller, and based on an agreed margin plus published reference rate (e.g. Base Lending Rate, KLIBOR, Risk Free Rates such as SONIA for GBP, and EURIBOR) or the bank's internal cost of funds of relevant currency.

#### Illustration

- Your Invoice amount: RM350,000; Service charge = 0.5%
- Your discounting charge: KLIBOR 3 months + 0.5% margin = 4.5% p.a.

You will receive a discounted amount of up to a max of 90% of the invoice amount = RM315,000. On month end, you will need to pay a total estimate of RM2,915 (RM1,165+RM1,750).

You also have to pay other fees and charges where applicable per our published tariff @ <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>.

#### It is your responsibility to:



Read and understand the key terms in the contract before you sign it



You are required to promptly perform all your sales obligation to your Buyer under each Contract of Sales, and, at the HSBC's request, to provide satisfactory evidence of performance to pursue payment from your Buyer.



Contact us immediately if you are unable to pay the due amount.



You are required to assign to the Bank absolutely, all rights and titles in all existing and future debts owed by an approved Buyer upfront via the execution of the Receivables Finance Agreement.

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### (3) Know Your Risks

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

**(i) Default Interest and Repayment** - For debts factored to us and remains unpaid on the occurrence of any termination event, you will pay a discounting Charge on the prescribed rate per the Receivables Finance facility letter (where applicable) until date of full receipt of the invoice sum. In addition, and/or alternatively, your business/company may be required by the Bank to repurchase the disputed/outstanding debts based on the terms of the Receivables Finance facility letter (where applicable)

**(ii) Right to Set-Off** - In the event of a default, HSBC reserves the right, at any time and with notice, to apply and debit and/or set off from any credit balance(s) in any of your business/company's account(s).

#### What is the major Risk?

Discounting Charge is subject to the fluctuation risks depending on the prevailing Base Lending Rate or KLIBOR, Term SOFR (USD), SONIA (GBP), EURIBOR (EUR) or any other applicable Risk-Free Rates or the bank's internal cost of funds as per your Receivables Finance agreement.

Factoring of foreign currency invoices are subject to foreign exchange risks.

An increased interest rate may result in higher repayment of interest on the drawdown amount from your business/company.

### (4) Other Key Terms

- You will be classified as bad and doubtful after 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.
- HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product, you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice to ensure adequate understanding of your key contractual obligations under these terms and conditions.
- Collateral / Guarantor may be required on a case-to-case basis depending on your payment capabilities and other credit considerations
- Standard Cut-Off Times (Monday to Friday except for public holidays) for settlements are subject to the respective foreign currencies cut-off time and provided that complete information is received. Funding of invoices are generally within 2 working days subject to full completion of required documentation.

Cross Border Payments	12.00 p.m. (exclude AUD & JPY)	10.00 a.m. (for AUD & JPY)
Ringgit Payments (Rentas)	11.00 a.m.	

- Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements.
- Please inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Changes in your contact details should be formally submitted in writing and duly authorized by the company's authorized signatories.
- For more details, you may refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Bank Guarantee', available at [www.bankinginfo.com.my](http://www.bankinginfo.com.my). Kindly take note that the information available in the *bankinginfo* booklet refers to types of financing products in general, and is not an exact representation of products offered by the Bank

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

 <b>Call us at:</b> Client Service Team Tel: 1-300-88-1099	 <b>Visit us at:</b> <a href="https://www.business.hsbc.com.my">https://www.business.hsbc.com.my</a>	 <b>Email us at:</b> <a href="mailto:trade.clientservice.st@hsbc.com.my">trade.clientservice.st@hsbc.com.my</a>	<b>Agensi Kaunseling dan Pengurusan Kredit (AKPK)</b> Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm) E-mail: <a href="mailto:enquiry@akpk.org.my">enquiry@akpk.org.my</a>
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#### If your query or complain is not satisfactorily resolved by us, you may contact:

HSBC	BNM Telelink	Financial Markets Ombudsman Service (FMOS)
Customer Experience Team Telephone: +603-2075 6235 Facsimile: +603-88942811 E-mail: <a href="mailto:complaints@hsbc.com.my">complaints@hsbc.com.my</a>	Tel: 1-300-88-5465 (1-300-88-LINK) (Overseas: 603-2174-1717) Fax: 603-2174 1515 Web form: eLINK at <a href="https://telelink.bnm.gov.my/">https://telelink.bnm.gov.my/</a>	<b>By fax/email/post</b> Chief Executive Officer 14 <sup>th</sup> Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur
		<b>In Person (walk-in)</b> 14 <sup>th</sup> Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.

#### Customer's Acknowledgement\*

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

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I acknowledge that HSBC Bank Malaysia Berhad has provided me with a copy of the PDS.  
I have read and understood the key information contained in this PDS.

*\*A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.*

*The Customer hereby acknowledges and agrees that by signing this document (or by way of an email confirmation provided to HSBC) all the terms and conditions of the Product Disclosure Sheet have been explained to them.*

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Name:  
Date: