


PRODUCT DISCLOSURE SHEET

<p>PRODUCT DISCLOSURE SHEET (Read this Product Disclosure Sheet before your business/company decides to take up the product. Be sure to also read the bank's terms and conditions, which includes terms in the Facility Offer Letter, the relevant Application Form and the Bank's Standard Trade Terms (available at https://www.gbm.hsbc.com/gtrfstt or upon request.)</p>	<p>HSBC Bank Malaysia Berhad (HSBC)</p>  <p>DOCUMENTARY CREDIT ISSUANCE</p> <ul style="list-style-type: none">- Sight DC- Usance DC- Back-to-Back DC- Revolving DC- Standby DC <p><Date></p>
<p>1. What is this product about?</p>	
<p>A Documentary Credit (DC) is a written undertaking by an issuing bank, on behalf of the buyer (applicant) to the seller (beneficiary), that payment will be made for the goods or services supplied by the seller, provided that the seller complies with all the terms and conditions established by the DC. DCs issued are irrevocable which means that they constitute a definite undertaking and cannot be revoked or amended without the agreement of all parties to the DC.</p> <p>Other DC structures may include (but are not limited to) Back-to-Back DC or Revolving DC or Red Clause DC, which are available depending on customer's business requirements.</p>	
<p>2. What do I get from this product?</p>	
<p>By issuing a DC/ SpeedyLC, our Bank will undertake, on your behalf, to make payment to your supplier against presentation of compliant documents within the validity of the credit. With DC/SpeedyLC in place, your business/company may :-</p> <ul style="list-style-type: none">• Provide payment security to your suppliers• Only pay for goods if documents are presented in compliance to the DC terms• Enjoy a safer and cheaper alternative to making deposits or advance payments as requested by your supplier• Specify the terms and conditions of payment• Negotiate longer trade terms with your supplier with usance DCs <p>For urgent issuance of DC where customers do not have a Trade facility yet, SpeedyLC is an alternative option where DC may be issued subject to 100% cash margin in the currency of the DC. This is a fast-track product designed especially for small businesses who may require to import goods or raw material from time to time, and who have not arranged any import trade facility. The cash margin (also known as Margin Payments) are advanced payments by the customer for issuance of the DC and upon transfer of the margin payments to the Bank, all rights, title and interest in and to any Margin Payments shall vest in the Bank free and clear of any liens, claims, charges or encumbrances.</p> <p><u>Standard Cut-Off Times</u> 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: -</p> <ul style="list-style-type: none">• Cross Border Payments - 12.00 p.m. (exclude AUD & JPY)• Cross Border Payment - 10.00 a.m (for AUD & JPY)• Ringgit Payments (Rentas) – 11.00 a.m. <p>Note: Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Kindly contract the Client Services Team for further details on other cut-off times not mentioned above.</p>	
<p>3. What are my obligations?</p>	
<ul style="list-style-type: none">• You are to ensure payment obligations of the trade transactions are met and that they are bona-fide transactions.• Your business/company will need to pay the full DC value on due date (including commission charged as applicable). Alternatively, your business/company can request for the DC to be financed by the Bank and	

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converted into an Import Loan/ Bankers Acceptance.

4. What are the fees and charges I have to pay?

Key charges for Documentary Credit Issuance - applicable to all DCs issued which includes:-

Key Charges	Description
DC Issuance – Opening Commission	0.1% per month or part of month on the credit amount (minimum RM200). Note: RM50 discount (min RM150) for submissions via HSBCnetITS).
Opening Charge on usance period (for usance DC only)	0.1% per month or part of month for the usance period of the credit
Handling Fee for same day processing received after 12 noon	Min RM150
Handling Fee for Back-to-Back DC, Revolving DC and Standby DC only)	Min RM150
Marginal Payment handling fee for non-trade customers	Min RM150
Cable Cost per DC issued under SWIFT (including amendment and cancellation of DC)	Local DC Min RM50; Overseas DC Min RM100
Other charges	Please refer to our schedule of tariff and charges at https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges for full list of charges. The fees and charges above may be updated from time to time and in case of inconsistency, the fees and charges stated in the prevailing standard tariff and charges (which is available at www.hsbc.com.my) shall prevail over the fees and charges stated in this document.

5. What if I fail to fulfill my obligations?

Right To Set-Off

In the event of a default, your business/company will need to pay all late payment fees, costs, charges and expenses incurred until the DC is fully repaid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s).

Late Payment Fees

Late payment fee is at 1% over and above the prescribed interest rate as stipulated in the legal agreement with customer (e.g. Facility Offer Letter); OR 3.5% above the bank's prevailing Cost of Funds.

Please refer to our schedule of tariff and charges at <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges> for more information.

6. What if I fully settle the loan before its maturity?

There is no loan involved in the issuance of DC. However, should you request the DC to be financed by the Bank, the following loans are available for financing of your DC if required:

- Bankers Acceptance
- Post-Shipment Buyer Loans

7. Do I need any insurance / takaful coverage?

Yes, depending on whether the goods are to be insured by you or your supplier, you will need to ensure that there is appropriate coverage to protect your goods / business via Marine Cargo Insurance, Fire Commercial or Flexi Business Shield. Please contact your Relationship Manager for further details.

8. What are the major risks?

Under a DC, you are obligated to pay if the supplier presents compliant documents, even if the goods are damaged or do not meet your expectations. You can take additional steps to enhance protection by:

- Verifying the supplier's reputation, financial standing and ability to produce the goods required; and obtaining samples of goods.
- Ensuring your DC calls for a certificate of inspection issued by an independent inspection agency, showing a report of 'clean findings' certifying that goods meet the standard as clearly defined by criteria set out.

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

It is important that the Bank is informed of any change in your business/company's contact details to ensure that all correspondences reach your business/company in a timely manner. Changes in your business/company's contact details should be formally submitted in writing and duly authorized by the company's authorized signatories. Please contact your Relationship Manager for further clarification.

10. Where can I get further information?

Should you require additional information about taking up Documentary Credit Issuance, please refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Letter of Credit (LC) or Documentary Credit (DC)', available at 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 be an exact representation of products offered by the Bank.

If you have any enquiries, please contact your Relationship Manager or Trade representative or visit our website at: <https://www.business.hsbc.com.my>.

11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact your Relationship Manager earliest possible to discuss payment alternatives or speak to our Trade representative at: -
Client Service Team
Tel: 1-300-88-1099
Email: gtrf.client.services.my@hsbc.com.my

- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)
Email: enquiry@akpk.org.my

- If you wish to complain, please contact the following: -

If you wish to complain on the products & services provided by us, you may contact us at:	If your query or complain is not satisfactorily resolved by us, you may contact Bank Negara Malaysia LINK or TELELINK at:
HSBC Bank Malaysia Berhad Customer Experience Team, Level 30, Menara IQ Persiaran TRX 55188 Tun Razak Exchange, Kuala Lumpur Malaysia Telephone: +603-2075 6235 Facsimile: +603-88942811 Operating Hours: (9.00am to 4.00pm–Monday to Friday) E-mail: complaints@hsbc.com.my	Bank Negara Malaysia Jalan Dato' Onn, P.O. Box 10922 50929 Kuala Lumpur. Tel: 1-300-88-5465 (1-300-88-LINK) (Overseas: 603-2174-1717) Fax: 603-2174 1515 Web form: eLINK at https://telelink.bnm.gov.my/ Operating Hours: 9.00am to 5.00pm–Monday to Friday General Number: 603-26988044/2698 9044/9179 2888

OR alternatively, you may file your dispute with Financial Markets Ombudsman Service (FMOS) as follows:

<p><u>By fax/email/post</u></p> <p>Chief Executive Officer Financial Markets Ombudsman Services (Reg. No: 200401025885) 14th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</p>	<p><u>In Person (walk-in)</u></p> <p>Financial Markets Ombudsman Services (Reg. No: 200401025885) 14th Floor, Main Block, Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur.</p>
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12. Other trade loans available?

Other trade finance solutions includes (but not limited to):-

- Receivables Financing
- Supply Chain Financing
- Pre/Post-Shipment Buyer Loans (including Bankers Acceptance)
- Pre/Post-Shipment Seller Loans (including Bankers Acceptance)
- Shipping Guarantee
- Bank Guarantee / Standby Documentary Credit Issuance
- Export Bills Purchased
- Export Documentary Credit Negotiation
- Export Credit Refinancing

Please also contact your Relationship Manager or Trade Representative for details of other Non-Financed Trade Services and/or further discussion on appropriate financing solutions that caters to your company's best interest.

IMPORTANT NOTE(S):

- **Your business/company will be classified as bad and doubtful after 3 months / 90 days default in any loan/facility repayments and this trade facility may be withdrawn/cancelled.**
- **You are advised to go through and understand the information in this Product Disclosure Sheet. HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product (for example, terms and conditions found in facility offer letter, or the Bank's Standard Trade Terms, etc) you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if you are in doubt. Should you require any support, kindly reach out to your Relationship Manager or the relevant HSBC officer. Your subsequent application for the trade service/facility is deemed as having an understanding of the relevant product (and you have sought for clarification, if required).**
- **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.**

The information provided in this disclosure sheet is valid as at <insert date>..

Name:
Designation:
Company Name:
Date: