


# PRODUCT DISCLOSURE SHEET

<p><b>PRODUCT DISCLOSURE SHEET</b></p> <p>(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 <a href="https://www.gbm.hsbc.com/gtrfstt">https://www.gbm.hsbc.com/gtrfstt</a> or upon request).)</p>	<p><b>HSBC Bank Malaysia Berhad (HSBC)</b></p>  <p><b>BANK GUARANTEE</b></p> <ul style="list-style-type: none"><li>- Tender Bid Bond</li><li>- Performance Bond</li><li>- Advance Payment Guarantee</li><li>- Retention Bond</li><li>- Financial Guarantee</li><li>- Other Guarantees</li></ul> <p>&lt;date&gt;</p>
<p><b>1. What is this product about?</b></p>	
<p>Bank Guarantee is a guarantee letter issued by HSBC Bank Malaysia Berhad (subject always to the Bank Guarantee facility limit granted by the Bank) on behalf of our customer to a third party as a guarantor undertaking to pay an agreed sum if the customer fails or defaults in fulfilling their contractual obligations under the terms and conditions of the guarantee.</p>	
<p>For urgent issuance of Bank Guarantees and/or where customers do not have a Bank Guarantee facility yet, GuaranteeSmart is an alternative option where a Bank Guarantee may be issued subject to 100% cash margin in the currency of the Bank Guarantee. The cash margin (also known as Margin Payments) are advanced payments by the customer for issuance of the Bank Guarantee 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><b><u>Tender Bid Bond</u></b></p>	
<p>This guarantee is applied for by our customer (bidder) to support their tenders for contracts from potential buyers. The buyer is afforded a financial remedy if the tender is withdrawn by the bidder or the successful bidder fails to enter into a contract, or does not provide subsequent bond, such as a Performance Guarantee, to support the contract. The purpose is to substantiate the financial standing of the bidder.</p>	
<p><b><u>Performance Bond</u></b></p>	
<p>This guarantee replaces the Tender Bid Bond if the tender is accepted. Performance Bond is an undertaking on behalf of our customer (principal), to pay cash if the obligations of the principal under the contract are not discharged. The amount of such bonds is usually based on a percentage of the value of the contract and is significantly greater than that of the related Tender Bid Bond.</p>	
<p><b><u>Advance Payment Guarantee</u></b></p>	
<p>This guarantee is an undertaking to pay, on behalf of our customer (principal), the sum paid in advance under the contract by the contracting party (beneficiary) for obligations that have not yet been performed. Contracts sometimes include provisions, which allow principals to receive advance payments from beneficiaries for purposes such as mobilising plant and equipment or purchase of raw materials. The terms of such contracts normally provide that such sums advanced must be paid from (set-off against) progress payments under the contract. The beneficiary can recover the amount paid or a part thereof under the Advance Payment Guarantee if the principal fails to fulfil their underlying contractual obligations.</p>	
<p><b><u>Retention Bond</u></b></p>	
<p>Contracts may allow the contracting party (beneficiary) to retain a proportion of the contract sum until substantial completion of the contract has taken place, such as remedial works during warranty period. The beneficiary may be prepared to release this retention money to the principal against the presentation of this guarantee.</p>	
<p><b><u>Financial Guarantee</u></b></p>	
<p>A common type of guarantee issued to provide our customers with the means of obtaining facilities from the beneficiaries of the guarantees, who may, if the need arises, claim under such guarantees up to a maximum amount and within a set period of time. For example; rent payments under a lease agreement, payment for utilities, court fees, etc.</p>	

### **Other Guarantees**

This includes types of guarantees other than the ones mentioned above. Examples are Service Deposits, Supply Contracts, Security Deposits etc.

### **2. What do I get from this product?**

- Allows your company/business to expand into new markets.
- Provides security to your counterparty by a reputable bank.
- Facilitate open account trade business for your company

#### **Standard Cut-Off Times**

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: -

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

Note: Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements. Kindly contact the Client Services Team for further details on other cut-off times not mentioned above.

### **3. What are my obligations?**

Your business/company will need to pay us immediately the full guarantee amount (together with interest and other fees or charges, if applicable) should there be a claim from the beneficiary in accordance to the terms of the Bank Guarantee. In the event that your business/company fails to pay the aforesaid guaranteed amount and payment was made by the Bank on your business/company behalf to the beneficiary, your company/business will be liable to repay to the Bank the aforesaid guaranteed amount together with such interest and other charges, in accordance to the terms and conditions of the Facility Offer Letter and/or the relevant Application Form, and/or the HSBC Standard Trade Terms (available at <https://www.gbm.hsbc.com/gtrfstt> or upon request).

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

Key charges include: -

<b>Key Charges</b>	<b>Description</b>
Bank Guarantee (BG) Issuance Commission	<ul style="list-style-type: none"><li>• 0.1% per month or part of month on the guarantee amount (min RM100) for SME customers,</li><li>• 0.1% - 0.125% per month or part of month on the guarantee amount (min RM200) for non-SME customers</li></ul> (Note: RM50 discount (min RM100) for submissions via HSBCnet ITS).
Amendments to Bank Guarantee	RM100 for every Bank Guarantee amendment
GuaranteeSmart Commission	0.125% per month (1.50% p.a.) of guarantee value (min RM350) per guarantee issued whichever is higher
Other charges	Please refer to our schedule of tariff and charges at <a href="https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges">https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges</a> 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 <a href="https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges">https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges</a> ) shall prevail over the fees and charges stated in this document.

Issuance commission is calculated based on the exact number of months the guarantee is valid for (From Value Date until Liability Date). For example, issuance commission for a guarantee amount of MYR10,000 for 7 months would be computed as follows: -

$$\text{MYR}10,000 \times 1.2\% \text{ p.a.} \times 7 \text{ months}/12 \text{ months} = \text{MYR}70$$

### **5. What if I fail to fulfil my obligations?**

If the guarantee amount due from the customer has to be recovered by the Bank via any process of law, all fees and expenses in

connection with such recovery, including the Bank's solicitors' fees and charges, shall be borne by the customer.

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. Do I need any takaful coverage?**

Whilst you do not specifically need to take up any takaful coverage for this product, you are encouraged to consider taking up appropriate coverage to protect your goods / business such as Marine Cargo Insurance, Fire Commercial or Flexi Business Shield. Please contact your Relationship Manager for further details.

**7. Do I need a guarantor or collateral?**

On a case to case basis depending on your payment capabilities and other credit considerations.

**8. What are the major risks?**

Customer may be subject to the risk of fraudulent claims or frivolous claims by the beneficiary as clauses in the bank guarantee may enable a claim from the beneficiary to be undisputed.

**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 Bank Guarantee, please 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.

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](mailto: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)  
E-mail: [enquiry@akpk.org.my](mailto: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	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)

Malaysia Telephone: +603-2075 6235 Facsimile: +603-88942811 Operating Hours: (9.00am to 4.00pm–Monday to Friday) E-mail: <a href="mailto:complaints@hsbc.com.my">complaints@hsbc.com.my</a>	Fax: 603-2174 1515 Web form: eLINK at <a href="https://telelink.bnm.gov.my/">https://telelink.bnm.gov.my/</a> Operating Hours: 9.00am to 5.00pm–Monday to Friday General Number: 603-26988044/2698 9044/9179 2888
<b>12. Other trade financings available?</b>	
Other trade finance solutions include (but not limited to): - <ul style="list-style-type: none"> <li>• Receivables Financing</li> <li>• Supply Chain Financing</li> <li>• Pre/Post-Shipment Buyer Loans</li> <li>• Pre/Post-Shipment Seller Loans</li> <li>• Documentary Credit Issuance / Shipping Guarantee</li> <li>• Standby Documentary Credit Issuance</li> <li>• Export Bills Purchased</li> <li>• Export Documentary Credit Negotiation</li> <li>• Export Credit Refinancing</li> </ul> <p>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.</p>	
<b>IMPORTANT NOTE(S):</b> <ul style="list-style-type: none"> <li>• <b>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.</b></li> <li>• <b>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).</b></li> <li>• <b>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.</b></li> </ul>	

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

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Name:  
Designation:  
Company Name:  
Date: