

From: Gan Aow Cha (Top Glove - F9)

Sent: Thursday, February 21, 2008 9:04 AM

To: _ALL Marketing (79 users)

Cc: .Tan Sri Dr. Lim Wee Chai (Top Glove - F9); .Tan Sri Dr. Lim Wee Chai 1 (drlimwc@tm.net.my); KM Lee (Top Glove - F9); Jeff Lee (Top Glove - F9); Noraziah Mahmud (Top Glove - F9)

Subject: FW: MEMO -PAYMENT TERM BY LETTER OF CREDIT FOR COUNTRIES UNDER UN/US SANCTIONS

MEMO

TO : All MARKETING OIC

FROM : Mr. KM Lee

C.C : Tan Sri Dr. Lim, Wee-Chai, Executive Chairman,

DATE : February 21 2008

SUBJECT : PAYMENT TERM BY LETTER OF CREDIT FOR COUNTRIES
UNDER UN/US SANCTIONS

REFERENCE NO: LKM/DOC/002/08

Reference is made to the above subject matter.

1. Please be informed that there are specific sanctions by United State and other Governments and/or regulatory authorities against certain countries, entities and individuals. Under these measures, banks may be unable to process a transaction that involves a breach of such sanctions. The bank is not liable if it, or any other person, fails or delays to perform the transaction, or disclosure of information as a result of actual or apparent breach of such transactions.

Presently our banks refuse to handle documentary transactions for some of the countries under sanctions(high risk) namely **Cuba, Iran, Myanmar, North Korea and Sudan**, while others fall under case to case basis subject to the bank consideration and acceptance from time to time.

Please refer to some of the useful websites below for more information in relation to the countries that fall under the sanction list.

i) <http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml>

ii) <http://documents.treasury.gov.uk/financialsanctions/sanctionsconlist.htm>

2. In Documentary Credit (L/C), the political and sovereign risks still exist and can not be eliminated for those countries under sanction list. Therefore, to ensure the US\$

payment under the L/C is not blocked by OFAC (Office of Foreign Assets Control)
-US or the authorities concerned, please be advise of the following guidelines :

- A. To negotiate with the buyer for the **preferred payment** term as” 100% TT In Advance Payment Before Shipment” for all countries under sanction via banking institutions in other countries.
- B. If the buyer insists on payment term by L/C, the L/C must be a “Clean, Irrevocable **Confirmed L/C by a local prime bank**” incorporating the full details information of the approved license to release the fund by the OFAC and or the authorities concerned. In short, it is the sole responsibility of the buyer or the applicant of the L/C to obtain the **prior approval license** to release the fund stated in the L/C.
- C. Please refer to the company’s intranet under Documentation Department for
 - (i) Checklist for Documentary credit and
 - (ii) Instruction to open L/C (to Customer)

Please aware of the inherent risk involved and to ensure your adherence to the latest guidelines for implementation.

We appreciate and thank you for your kind cooperation.

CONTINUOUS IMPROVEMENT AND INNOVATION ARE OUR DUTIES

Best Regards,

KM Lee

Managing Director

c.c.Tan Sri Dr.Lim, Wee-Chai, Executive Chairman.

lkm/gac/21/02/08