



FACILITY OFFER LETTER

REF: FOL017

CONFIDENTIAL

Cosmopolitan Industries (Pvt.) Ltd. (CIPL)
House # 17, Road # 15
Sector#03, Rabindra Sarani
Uttara, Dhaka

10 February 2021

Attention: Ms. Paricha Shah
General Manager

Dear Sir,

BANKING FACILITIES ACCOUNT NO. BD-HSBC-001-174770

With reference to Facility Offer Letter Nos. FOL016(D) dated 23 November 2020, FOL016(C) dated 19 October 2020, FOL016(B) dated 01 January 2020 and FOL016 dated 06 May 2019; the Bank is pleased to advise that it has reviewed the Borrower's banking facilities and offers a renewal within the following limits. The facilities will be made available on the specific terms and conditions outlined herein and upon the satisfactory completion of the security detailed below. The Bank shall have an unrestricted discretion to cancel or suspend, or determine whether or not to permit drawings in relation to, the facilities. The facilities are subject to review at any time and in any event by 31 December 2021, and also subject to the Bank's overriding right of repayment on demand, including the right to call for cash cover on demand for prospective and contingent liabilities. The facilities, and all terms and conditions contained herein, are subject to all applicable laws and regulations in force at the time being including those which relate to Sanctions and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion, and as may be amended from time to time by competent legal and regulatory authorities.

Borrower: Cosmopolitan Industries (Pvt.) Ltd. (CIPL)

The Bank: The Hongkong and Shanghai Banking Corporation Limited (HSBC), Dhaka.

The Hongkong and Shanghai Banking Corporation Limited (HSBO), Offshore Banking Unit (OBU).

Special Conditions:

1. Facility pricing is under discussion and review and will be communicated separately through a letter.
2. No new transaction will be allowed without approval from concerned authority of the Bank if import past due crosses 7 days.

Authorised Signature, Acceptance and Borrower's Seal

3. Deferral for completion of Corporate Guarantee as outlined in the security documentation below is allowed till 15 March 2021.

<u>1. Combined Limit (CBL)</u>	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT1,843,000,000/-	BDT2,055,000,000/-
Purpose:	To control and avail the facilities under 2, 3, 4, 5, 6, 7 and 8	
Condition:	Under no circumstances should the total outstanding of Facility Nos. 2, 3, 4, 5, 6, 7 and 8 be allowed to exceed BDT1,843,000,000/-.	
<u>2. Import Line (IMP)</u>	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT1,843,000,000/-	BDT2,055,000,000/-
Purpose:	To import raw materials and spares on sight and/or deferred basis against Export Documentary Credit (DC)/Contract liened with the Bank and to control Facility Nos. 2(A) and 2(B).	
Maximum Tenor:	180 days	
Commission:	Commission on the Back to Back Credit (BBC) for Sight Documentary Credit (DC) will be charged in the following manner and is subject to change at any time at the Bank's discretion.	
	<ul style="list-style-type: none"> - @0.145% for 0-120 days - @0.075% for subsequent 30 days (after 120 days) - @0.050% for subsequent 30 days (after 150 days) 	
Condition:	Under no circumstances should the total outstanding of Facility Nos. 2, 2(A) and 2(B) be allowed to exceed BDT1,843,000,000/-.	
<u>2(A). Import Cash Limit (IMC)</u>	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT1,843,000,000/-	BDT2,055,000,000/-
Purpose:	<ul style="list-style-type: none"> - To retire sight import documents by creating Clean Import Loan (CIL) under Facility No. 2. - To release deferred import documents against Borrower's acceptance under Facility No. 2. 	

- To issue Shipping Guarantee (SGT) under Facility No. 2.

Maximum Tenor:

- 180 days for Deferred Payment Bill (DPB) and CIL
- 30 days for SGT

Interest:

Interest will be charged on daily balances @9.00% per annum and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. The Bank reserves the right to reset the interest rate at any point in time at its own discretion.

Commission:

Commission on the DPB will be charged in the following manner and is subject to change at any time at the Bank's discretion:

- @0.145% for first quarter
- @0.075% for second quarter

BDT1,000/- will be charged for each SGT but is subject to change at any time at the Bank's discretion.

Usance Payment At Sight (UPAS):

Interest and confirmation/arrangement fees relating to the discounting of the related bills under respective DC will be borne by the Borrower.

The charges are as follows:

- Bill Discounting Rate: @ LIBOR + 1.75% per annum
- Confirmation/Arrangement Fees: Nil

Conditions for UPAS facility:

- Supplier will be paid at sight by DAK Offshore Banking Unit (OBU) or other HSBC Group Offices, upon receiving credit compliant documents or notification of credit compliant documents from the presenting / negotiating bank or Borrower's acceptance of import documents with HSBC Bangladesh.
- Discounting interest will be paid by the Borrower at maturity of the accepted bills in addition to the payment of the face value of the accepted bill to HSBC Bangladesh. Confirmation/Arrangement fees are to be paid at the time of acceptance and prior to the release of the DC documents. The Borrower will also be required to pay VAT and other taxes as imposed by local regulatory bodies.

2(B). Import Cash Limit (IMC)
Proposed
Existing

Limit:

USD20,000,000/-

USD20,000,000/-

Purpose:

To retire sight import documents by creating Clean Import Loan (CIL) under Export Development Fund (EDF) arrangement of Bangladesh Bank under Facility No. 2.

Maximum Tenor:

180 days

Interest:

Interest will be charged on daily balances @1.75% per annum over the London Inter Bank Offer Rate (LIBOR), LIBOR will be decided as on the date of loan disbursement and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. LIBOR means the rate per annum for United States Dollars, Euro, Swiss Franc, GBP, Australian Dollar, Canadian Dollar, Danish Krone and New Zealand Dollars quoted by Banks in London as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by Banks for the purpose of calculating effective rates of interest for loans. The Bank reserves the right to reset the margin relative to LIBOR at any point in time at its own discretion

Condition:

The interest rate will be revised from time to time as per directives from Bangladesh Bank.

General Conditions for Facilities under 2, 2(A) and 2(B):

- a. Export Documentary Credit (DC)/Contract against Back to Back Credit to be kept under lien with the Bank.
- b. Back to Back Credit will be issued in favour of the Borrower's suppliers only against valid export DCs/Contracts from acceptable banks/suppliers. The goods will be consigned in favour of the Bank.
- c. Unpaid bills will be paid by the customer in the currency of the relevant liability or, if the bank so agrees in writing, in a different currency, in which case the conversion to that different currency shall be made at exchange rate.
- d. Relative documents to be released on trust against the Borrower's acceptance of bills to mature within the stipulated time frame.
- e. 75% of the Export Proceeds will be retained by the Bank in a margin account to settle the due import liabilities.

3. Import Line (IMP)
Proposed
Existing

Limit:

BDT125,000,000/-

BDT125,000,000/-

Purpose:

To import equipment, machinery, spares and other items related to regular balancing & modernizing expansion needs on sight and/or deferred basis and to control Facility Nos. 3(A) and 3(B).

Maximum Tenor:

360 days

Commission: Commission on the Documentary Credit (DC) and Deferred Payment Credit (DPC) will be charged will be charged in the following manner and is subject to change at any time at the Bank's discretion:

- @0.145% for 0-120 days
- @0.075% for subsequent 30 days (after 120 days)
- @0.050% for subsequent 30 days (after 150 days)

Conditions: 1. Any drawdown under the proposed limit will require special approval from the concerned authority of the Bank.
2. Under no circumstances should the total outstanding of Facility Nos. 3, 3(A) and 3(B) be allowed to exceed BDT125,000,000/-.

3(A). Import Cash Limit (IMC)	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT125,000,000/-	BDT125,000,000/-
Purpose:	To release deferred import documents against Borrower's acceptance and to issue Shipping Guarantee (SGT) under Facility No. 3.	
Maximum Tenor:	- 360 days for Deferred Payment Bill (DPB) - 30 days for SGT	
Commission:	Commission on the DPB will be charged in the following manner and is subject to change at any time at the Bank's discretion:	
	- @0.145% for first quarter - @0.075% for second quarter	

BDT1,000/- will be charged for each SGT but is subject to change at any time at the Bank's discretion.

Usance Payment At Sight (UPAS): Interest and confirmation/arrangement fees relating to the discounting of the related bills under respective DC will be borne by the Borrower.

The charges are as follows:

- Bill Discounting Rate: @ LIBOR + 1.75% per annum
- Confirmation/Arrangement Fees: Nil

Conditions for UPAS facility: - Supplier will be paid at sight by DAK Offshore Banking Unit (OBU) or other HSBC Group Offices, upon receiving credit compliant documents or notification of credit compliant documents from the presenting /

negotiating bank or Borrower's acceptance of import documents with HSBC Bangladesh.

- Discounting interest will be paid by the Borrower at maturity of the accepted bills in addition to the payment of the face value of the accepted bill to HSBC Bangladesh. Confirmation/Arrangement fees are to be paid at the time of acceptance and prior to the release of the DC documents. The Borrower will also be required to pay VAT and other taxes as imposed by local regulatory bodies.

Condition: Any drawdown under the proposed limit will require special approval from the concerned authority of the Bank.

3(B). Loan Line (LNL)	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT70,000,000/-	BDT70,000,000/-

Purpose:

- To retire import documents under Facility Nos. 3 & 3(A)
- To purchase equipment, machinery and spares required for plant modernization from local sources against invoices.

Maximum Tenor:

- 360 days (inclusive of DPB period in case of retirement of import document)
- 360 days for local purchase

Repayment: Repayment will be made in quarterly/bullet payment at maturity

Interest: Interest will be charged on daily balances @7.50% per annum and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. The Bank reserves the right to reset the interest rate at any point in time at its own discretion.

Conditions:

1. Any drawdown under the proposed limit will require special approval from the concerned authority of the Bank.
2. Copy of invoices to be submitted to the Bank for drawdown of local purchase loan under the proposed limit.

4. Loan Line (LNL)	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT35,000,000/-	BDT35,000,000/-

Purpose: To support purchase of raw materials from local sources.

Maximum Tenor: 45 days

Interest: Interest will be charged on daily balances @7.50% per annum and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. The Bank reserves the right to reset the interest rate at any point in time at its own discretion.

5. Guarantee (GTE)
Proposed
Existing

Limit:	BDT50,000,000/-	BDT50,000,000/-
Purpose:	To issue guarantees favouring various organizations required for normal course of business of the Borrower.	
Maximum Tenor:	5 years / Open-Ended	
Margin:	<ul style="list-style-type: none"> - 10% margin for Guarantees with tenor up to 5 years - 100% margin for Open Ended Guarantees - But subject to change at any time at the sole discretion of the Bank. 	
Commission:	Commission will be charged @1.00% per annum for each guarantee and is subject to change at any time at the Bank's discretion.	
Encashment:	The bank has the right to call for cash cover on demand for prospective and contingent liabilities. Upon encashment of any bank guarantee the Bank shall be entitled to adjust payment against the margin and in case of shortfall, borrower shall immediately provide the Bank such shortfall upon receipt of written notice of demand from the Bank. Any loss occurred for any shortfall shall be absorbed by the Borrower.	
Condition:	Specific approval from the concerned authority of the Bank must be in place before issuance of each open-ended guarantee.	

6. Export Cash Limit (EXC)
Proposed
Existing

Limit:	BDT100,000,000/-	BDT100,000,000/-
Purpose:	To purchase export bills against sales contract with recourse to the Borrower.	
Maximum Tenor:	120 days	
Interest:	Interest will be charged on daily balances @9.00% per annum and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. The Bank reserves the right to reset the interest rate at any point in time at its own discretion.	
Commission:	Collection Commission will be charged @0.025% for each bill purchased and is subject to change at any time at the Bank's discretion. Negotiation Commission will be charged @0.025% for each bill purchased and is subject to change at any time at the Bank's discretion.	
Condition:	Maximum 20% of the bill value to be negotiated and remaining 80% will be on collection basis.	

7. Loan Line (LNL)

	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT60,000,000/-	BDT60,000,000/-
Purpose:	Short term loan to meet operating expenses of the Borrower.	
Maximum Tenor:	120 days.	
Interest:	Interest will be charged on daily balances @7.50% per annum and payable at maturity or quarterly in arrears, whichever is earlier, to the debit of the Borrower's current account. The Bank reserves the right to reset the interest rate at any point in time at its own discretion.	
Condition:	No rollover will be allowed under the proposed limit.	

8. Loan Line (LNL)

	<u>Proposed</u>	<u>Existing</u>
Limit:	BDT196,952,579/-	BDT196,952,579/-
Purpose:	One-off loan line disbursed under Bangladesh Bank's stimulus package for export oriented industries for the purpose of salary disbursement of workers.	
Conditions:	<ol style="list-style-type: none"> 1. Proposed loan line disbursed complying all terms and conditions pertaining to the relief/stimulus package as articulated under BRPD Circular No. 7 dated 02 April 2020, BRPD (P-1)/661/13/2020-4410 dated 28 June 2020 and BRPD (P-1)/661/13/2020-5489 dated 23 July 2020 and any further circulars, notifications, orders, etc. issued by the Bangladesh Bank in this regard. Any additional terms and conditions that may be imposed by the Bangladesh Bank and any further extensions/amendments, etc. to the relief/stimulus package as articulated by the above circulars, shall be subject to and in accordance with the guidance as provided by the Bangladesh Bank in any subsequent circulars, notifications, orders, etc. and shall be fully adhered to by the Borrower. 2. Any further extensions/amendments, etc. as referred to above, that may be granted by the Bangladesh Bank, shall be disbursed under the proposed loan line shall be offered through this FOL. 	

Security Documentation

The following security documentations are required to be completed and executed prior to the facilities being made available for draw down. It will be necessary for the securities to be in a legally enforceable condition, registered with the appropriate authorities, and in a form and substance satisfactory to the Bank. The Bank's standard loan and security documentation will be required. The Bank reserves the right to ask for any additional documentation to perfect the security.

1. Corporate Guarantee to be executed by Epic Designers Ltd. for BDT2,243,000,000/- with supporting Board Resolutions. *[Related approval from Bangladesh Bank to be obtained]*

The following security papers are currently being held with the Bank:

1. Demand Promissory Note of BDT3,982,750,000/- with Letter of Continuity & Revival.
2. Letter of Set Off to set off between different accounts maintained with the Bank.
3. Corporate Guarantee executed by Alpha Start Ltd. and Epic Designers Ltd. for BDT1,750,000,000/- each with supporting Board Resolutions. *[Related approval from Bangladesh Bank obtained]*
4. Corporate Guarantee executed by Epic Garments Manufacturing Co. Ltd. and Pearl Garments Company Limited for BDT3,982,750,000/- each with supporting Board Resolutions.
5. First charge over the Borrower's Stock of Raw Materials, Work-in-Progress and Finished Goods for BDT3,982,750,000/- with the Office of the Registrar of Joint Stock Companies and Firms (RJSC).
6. First charge over the Borrower's Book Debts & Receivables for BDT3,982,750,000/- with the RJSC.
7. First charge over the Borrower's Plant & Machinery for BDT3,982,750,000/- with the RJSC.
8. Power of Attorney for Hypothecated goods.
9. Power of Attorney for Back-to-Back facility.
10. Trade Financing General Agreement for Trade facility.
11. Blanket Counter Indemnity for Guarantee facility.
12. Deposit under lien of FDR NO. 1015800250034 for BDT3,789,850/- with Eastern Bank Limited. In this regards, Letter of Lien over Deposits with authority to Encash obtained.
13. Registered Mortgage for BDT423,000,000/- over land measuring 292 decimals along with structure constructed or to be constructed there on at Baro Ashulia, Savar, in name of Cosmopolitan Ind. Pvt. Ltd. In this regard, Irrevocable General Power of Attorney obtained.

The aforesaid existing securities will continue.

Set-Off

The Bank may, at any time and without notice to the Borrower, combine or consolidate all or any of the then existing accounts of the Borrower (of whatsoever nature and whether or not subject to notice) and set off or transfer any sums standing to the credit of anyone or more such accounts in or towards the satisfaction of any of the liabilities of the Borrower to the Bank on any other account or in any other respect, whether such liabilities be present or future, actual or contingent, primary or collateral and several or joint.

Covenants & Conditions

Facilities to the Borrower are sanctioned on the understanding that the Borrower will at all times observe and maintain the following covenants and conditions.

- a. Debt-Equity Ratio (DER) will be a maximum of 2.50:1 at any time. DER is defined as the result of dividing the sum of the Borrower's total liabilities (excluding subordinated debt) by the borrower's Tangible Net Worth (TNW). TNW being the sum of the Borrower's paid up share capital, retained earnings, equity reserves and any debt that has been subordinated to the interest of the Bank, less any intangible assets as determined by the Bank.
- b. Debt Service Coverage Ratio (DSCR) should be a minimum of 1.50 at any time. DSCR is defined as the result of dividing the Borrower's earnings before interest, tax, depreciation and amortisation expense by the sum of the Borrower's interest expense and current maturities of long term debt.
- c. Current Ratio should be a minimum of 1:1. Current Ratio is defined as the result of dividing the Borrower's Current Assets (the sum of inventory stock, trade debtors, cash and short term liquid investments) by the Borrower's Current Liabilities (the sum of current accrued liabilities, bank overdraft, current maturities of long term debt, and any short term loans).

- d. Any changes in the capital structure, ownership/ schemes of amalgamation/ re-construction must be agreed by the Bank prior to being undertaken.
- e. Any changes in ownership structure (Including proportionate shareholding) must be agreed by the Bank in writing prior to being undertaken.
- f. Expenditure for new projects must be agreed by the Bank unless this is covered by the Borrower's net cash accruals after providing for dividends, taxes, investments etc., or is covered by long term funds received for financing projects/expansions.
- g. The Borrower must not invest by way of share capital in, or lend, advance funds to, place deposits with or undertake guarantee obligations on behalf of any other concern. Normal trade credit or security deposits in the usual course of business, or advances to employees, are not covered by this covenant.
- h. The Borrower can enter into borrowing arrangements of any sort with any other Bank, Financial Institution, Company or otherwise with prior notification to the Bank.
- i. Dividend payment will be allowed with prior consent of the Bank. Dividends declared must be only out of profits relating to that year. However, no dividend to be paid out by the Borrower until adjusted DER of the Borrower comes below 2.50:1.
- j. Monies brought into the Borrower by principal shareholders/ directors/depositors will not be withdrawn without the Bank's prior approval.
- k. The Borrower should keep the bank informed about the happening of any event such as labour problems, power cuts, litigation, government actions etc., or such events that are likely to adversely affect the financial health of the Borrower or its subsidiaries, if any.
- l. Credit facilities must be utilised only for the specific purposes for which they have been granted.
- m. It is mandatory to route through the Bank all foreign sale / purchase / forward contracts or any other foreign exchange business related to the Import/Export transactions routed through the Bank subject to acceptable pricing.
- n. The Bank maintains the right of set off between accounts.
- o. Any change/retirement/appointment of new director requires Bank's prior approval in writing.
- p. All Inter-company/Director's loans to be subordinated to the Bank.
- q. Monthly Stock and Book Debt statements along with Order Book to be submitted to the Bank.
- r. Quarterly update of Export Performance to be submitted to the Bank.
- s. The adjusted Tangible Net Worth (TNW) of CIPL must be at least BDT725,000,000/- at any point in time.
- t. 75% of the export proceeds or the amount equivalent to back to back import liability portion has to be retained with the Bank for onward settlement of import liabilities.
- u. The Borrower should maintain Net Profit Margin (NPM) above 1% level.
- v. In case of non-submission of any data requested by the Bank, the Bank reserves the right to recall advances/facilities.
- w. In accepting the Facility Offer Letter, the Borrower(s) should advise the Bank whether it is in any way related to any of the Bank's directors or employees and in the absence of such advice the Bank will assume that the Borrower(s) is not so related. The Bank would also ask, that should the Borrower(s) become so related subsequent to acknowledging the Facility Offer Letter, that the Borrower(s) immediately advises the Bank in writing.
- x. For continuous or demand loan, if the Borrower wishes to make an early settlement, no early settlement fee is applicable in this regard.
- y. In disbursing the loan, it is imperative that the Borrower understand and acknowledge the purpose of the loan and shall undertake not to use the loan for any other purpose than whatever is declared.
- z. Payment by the customer to the bank shall be in the currency of the relevant liability or, if the bank so agrees in writing, in a different currency, in which case the conversion to that different currency shall be made at exchange rate

- aa. The Foreign Exchange Limit and each request for the sale and purchase of foreign currency by the Bank is subject to the HSBC Bangladesh Terms and Conditions for Sale and Purchase of Foreign Currencies, as appearing on the reverse of the form of Confirmation of a Sale and Purchase of Foreign Currencies. Hence, it is compulsory to sign the Trade Confirmation if any request to book any sale or purchase of foreign currency is made to HSBC. HSBC shall be effectively kept indemnified from and against any and all losses incurred by or awarded against HSBC as a result of, or in connection with, any claim which may incur because of not signing Trade Confirmation after requesting HSBC to book any sale or purchase of foreign currency.

A default at any point of time by the Borrower in all respect of any one or more of the above covenants/conditions will make all Bank facilities payable immediately without any further notice having to be served on the Borrower.

Facility Review

These facilities are subject to review at any time and, in any event by 31 December 2021, and also subject to the Bank's customary overriding right of withdrawal and repayment on demand with any penalties as per Bank's discretion, including the right to call for cash cover on demand for prospective and contingent liabilities. If any change/amendment is made by the Bank after the review that will be communicated accordingly. In the event that no change/amendment of these facilities are required after the review, no further communication will be made and all existing obligations, terms and conditions will continue as per the Facility Offer Letter till the next review. This is for your notification that annual Facility Review fee as per the Bank's published Schedule of Charges will be applicable and applicable VAT will be charged as per the law of the land on the fee mentioned in the Schedule of Charges whenever a straight forward annual facility review of the Borrower is approved by the Bank.

Conditions Precedent

The Bank shall not be obliged to make the facilities or any part available until it has received the following:

- a) relevant director's undertaking for obtaining satisfactory CIB report from Bangladesh Bank, and the receipt of a clean CIB report by the Bank;
- b) (i) a copy of the Certificate of Incorporation and (ii) the latest copy of the Memorandum and Articles of Association, (iii) the copy of last Annual return (Schedule Particulars of Directors (Form XII), duly certified to be a true copy by the Joint Stock Company or such relevant authority (as the case may be);
- c) evidence of approval by the Board of Directors of the Borrower for the following:
 - i) for borrowing of Loan;
 - ii) for the execution of the Loan and Security Documents; and
 - iii) for authorizing such person(s) to execute the Loan and Security Documents
- d) Execution and perfection of all security documents.

Events of Default

If:

- a) the Borrower fails to pay any sum due from it hereunder on the due date or on demand, if so payable;
- b) the Borrower fails to observe or perform any of its other obligations under this facility offer letter or under any undertaking or arrangement entered into in connection herewith and the case of a failure capable of remedy, the same is not remedied within twenty-one days after Borrower became aware of the failure, to the Bank's satisfaction;
- c) any representation, warranty or statement which is made (or deemed to have been made) by the Borrower in this facility offer letter or in connection with this facility offer letter proves to be incorrect in any material respect or if repeated at any time with reference to the fact and circumstances subsisting at such time would not be accurate in all material respects;
- d) any provision of this facility offer letter is or becomes for any reason, invalid or unenforceable or any consent or approval required by the Borrower for the performance of its obligations hereunder is revoked or modified;
- e) the Borrower transfers or disposes of, or threatens to transfer or dispose of, a substantial part of its business or assets;
- f) any petition or application is made for the appointment of a trustee, administrator, receiver or similar officer in respect of all or any part of the business or assets of the Borrower;
- g) The Borrower is (or could be deemed by law or court to be) insolvent or unable to pay its debts or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or convenes a meeting of its creditors or proposes or makes any arrangement or composition with or any assignment for the benefit of its creditors or a petition is presented or a meeting is convened for the purpose of considering a resolution or other steps are taken for the winding up of the Borrower;
- h) There is a material, adverse change in the Borrower's financial position;
- i) The Borrower fails to pay when due any principal of or interest on any of its indebtedness or a default occurs under any agreement or instrument evidencing or under which the Borrower has outstanding at the time, or any guarantee or similar obligation of the Borrower is not discharged at maturity or when called or is declared to be or is capable of being cancelled or terminated before its stated expiry date; or if any security relating to any such indebtedness becomes enforceable.
- j) If the borrower issues any notice under Section 11 of the Power of Attorney Act 2012, that issuance of notice shall amount to an event of default. In such a case, the bank is at liberty to exercise the rights granted under the Irrevocable General Power of Attorney before the revocation becomes effective.

then or at any time thereafter, the Bank may cancel the loan commitment and call up the loan and declare the loans/facilities to be immediately due and payable whereupon it shall become so due and payable, together with accrued interest thereon and any other amounts then payable under this facility offer letter and proceed to enforce the security documents, and any other security provided hereunder or in connection herewith.

No Waiver



No omission, delay or failure to exercise any right or power, or any waiver by the Bank hereto of any breach or event of default, whether expressed or implied, or any failure to insist upon strict compliance with any provision of this Facility Offer Letter, by a party hereto, shall not constitute a continuing waiver of such provision or a waiver of any other provision of this Facility Offer Letter.

Assignments

The Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder, except with the prior written approval of the Bank. Unless expressly agreed otherwise by the Bank, the Bank may transfer all or any part of its rights, benefits and/or obligations under this Facility Offer Letter or in respect of any of the facilities to any person by delivering to the Borrower a notice in writing. Such transfer shall take effect as from the effective date specified in the notice and the Bank shall thereafter be released from such rights, benefits and/or obligations.

Penal Rate

The Bank will charge interest of 2% per annum higher than the rate applicable to the relevant facilities (hereinafter referred to as the penal rate), on the entire amount overdue under the funded lines, without prejudice to the Bank's right to recall advances/facilities, in case of

- a. Default in observance of one or more borrowing covenants/conditions.
- b. Non-payment/non-acceptance of sight/usance bill of exchange on due date.

The penal rate will be applied on the amount of loan principal/advance and/or interest in default.

Stock/Book Debt Statements

Statements of hypothecated assets (Stocks & Aged Book Debts) along with order book giving periodic outstanding at the end of each month are to be submitted by the fifteenth day of the following month as per the prescribed format of the Bank.

Legal costs/Out of Pocket Expenses

All legal fees, review fees, out-of-pocket expenses or otherwise, in connection with these facilities will be debited from the Borrower's account.

Inspection

The Bank or its authorised representatives/agency will carry out inspection of stocks/factory/other premises twice a year and all charges and other incidental expenses incurred will be borne by The Borrower.

Insurance

Policy from an insurer acceptable to the Bank, assigned in the name of the Bank as mortgagees fully covering the facilities against risks of Fire, Strike & Riot Compensation Coverage (SRCC), disasters including floods, cyclone etc. and/or such other risks that the Bank may prescribe must be lodged with the Bank.

If the renewal confirmation is not received before the expiry date of the policy, the Bank reserves the rights to obtain fresh insurance cover and pay the premium thereon to the debit of the Borrower's current account and also to cancel or suspend, or determine whether or not to permit further drawings in relation to the facilities. The existing insurance coverage must be increased in accordance with the full facility amount.

Interest Rate/Commission



Tax rates on interest will be levied as advised by the National Board of Revenue from time to time. The Bank shall levy such transaction processing charges as may be mentioned in the Bank's Tariff subject to change without notice.

Reserve Requirement

In the event that any reserve requirement, statutory reserve deposit, special deposit, borrowing limitation, gearing constraint, capital adequacy requirement, supplementary tax or other similar restriction, tax (other than a tax on net income in the normal course of the Bank's business) or control applicable to borrowing/facilities of the nature contemplated herein, in addition to those currently applying, is imposed by Bangladesh Bank, any Government or Governmental Authority in Bangladesh (or equivalent bodies in overseas countries), the effect of which is directly or indirectly to increase the cost to the Bank of providing or maintaining the facilities, or providing funds under them, or to reduce the effective rate of return to the Bank (whether on capital, assets, deposits or otherwise) on the facilities then you shall pay to the Bank such additional amount on demand and as and when demanded, the amount by which that cost is so increased or reduction has been incurred. In each instance, the amount payable by you will be calculated from the date on which the Bank first incurred the additional cost or reduction, as the case may be.

Disclosure of the Borrowers' Financial Data

Submission of the Borrower's Audited Balance Sheet and Profit & Loss Statement as well as those for the Corporate Guarantors should be made upon completion of each yearly/interim audit within 15 days from the day of completion and in any case within 120 days of the financial year end.

The Bank reserves the right to demand submission of "in-house" or "management" figures in addition to or in the absence of the above and may seek additional explanation on any data on the above that may appear to be ambiguous or requiring clarification directly from the source.

The auditor is to be appointed as per the provisions of the Companies Act 1994. The borrowing entity must notify the bank in the event of any decision to change the auditors. The audited balance sheet and profit and loss account should be authenticated by the management in accordance with the provision of the Company's Act 1994.

Payment of Bills

Should any bill(s) remain unaccepted on presentation and/or unpaid on due date(s), the Bank will, without prior reference to you, obtain repayment of such bills by debiting the Borrower's account with accrued interest and other charges incurred thereon. Please therefore ensure that sufficient funds are available in the Borrower's account to enable the Bank to withdraw its advance when required. The debit to the Borrower's account will be made without prior reference to them.

A facility review fee of BDT100,000/- will be debited from the Borrower's current account, A/C No. 001-174770-011, on acceptance of these facilities within 7 working days.

Availability

This offer of facilities is available for acceptance until 31 May 2021 and if not accepted by that date, will be deemed to have lapsed unless acknowledged by the Bank of such acceptance even after expiry of time. Such acknowledgement beyond time is at the sole and absolute discretion of the Bank. Please note that the Bank reserves the right to withdraw the offer at any time prior to receipt of the acceptance.

Indemnification

You acknowledge and agree that:

- (a) HSBC will not be liable to the Customer/Borrower for any loss, damage, delay, or a failure of HSBC to perform its duties under this agreement arising out of or relating to any Compliance Action taken by HSBC in its sole discretion.
- (b) HSBC is required to act in accordance with the laws and regulations of Bangladesh, including those which relate to Sanctions and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion;

Interest Rate Benchmarks Disclosure

Interbank Offered Rates (IBOR) are likely to cease to exist as of 2021. This worldwide regulatory intervention is prompting financial market to transition away from IBORs towards risk-free rates (RFR) or transform the way in which IBORs are determined at present. Please refer to the attached Interest Rate Benchmarks Disclosure for further information.

Governing Law

This agreement shall be governed by and construed in accordance with the laws of Bangladesh.

Authorised Signatories/Board Resolution

Please arrange for the authorised signatories of the Borrower in accordance with the terms of the mandate given to the Bank to sign on all pages and return to the Bank the duplicate copy of this letter together with the supporting Board Resolution to signify the Borrower's confirmation as to the correctness of the security held or proposed and the Borrower's understanding and acceptance of the terms and conditions under which these facilities are granted.

The Bank is pleased to be of continued assistance.

Yours faithfully,



Sahebzada Syed Kowser Ahmed
 SVP and SRM
 Corporate Banking



Maheen Kaiser
 Assistant Manager, Regulatory Reporting
 Credit Services

Acceptance

I/We the Borrower accept the facilities on the Terms and Conditions above (and confirm that the above statement of shares / securities etc deposited / to be deposited by us/the Borrower under hypothecation / mortgage / lien / pledge / assignment to The Hongkong and Shanghai Banking Corporation Limited and documents executed/ to be executed by me/us the Borrower in the Bank's favour to secure the above banking facilities is correct).

Signed this _____ day of _____, 2021