

PRODUCT DISCLOSURE SHEET
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Kindly read this Product Disclosure Sheet ("PDS") together with the terms in the letter of offer before you decide to take up the **Hong Leong CM Cashline-i** with Hong Leong Islamic Bank ("Bank").

Hong Leong CM Cashline-i (CMCL-i)

The information provided is merely general information of the product. Be sure to read the final terms and conditions in the letter of offer and facility agreement after credit assessment and approval for the financing.

November 2024

Please seek clarification from the Bank if you do not understand any part of this document or the general terms.

1. What is this product about?

- CMCL-i is a short term Islamic financing facility which complies with Shariah principles that has a specified financing tenure & maturity date.
- The Facility is generally used for working capital meant to ease Customer's short term cash flow requirements and provides flexibility to the Customer to utilise and to-pay at any time via Current Account-i maintained with the Bank.
- The Facility comes with a variable (floating) rate and is pegged against Islamic Financing Rate (IFR). Under this product, you are protected against a higher rate by the ceiling rate or the maximum profit rate chargeable i.e. the Contracted Profit Rate (CPR) where selling price is capped at CPR. No matter how high the IFR fluctuates, you will not be charged more than the CPR.

2. What is the Shariah contract applicable?

The Shariah contract used is *Tawarruq*. *Tawarruq* refers to 2 sale and purchase contracts. The first involves the sale of an asset (commodity) by the Bank to the Customer on a deferred basis. Subsequently the Customer will sell the same asset to a third-party to obtain cash.

The following is the mechanism for CMCL-i:

1. Bank buys the commodity (which is used as underlying asset)* at a price equivalent to the Financing Amount (same value as the Commodity Purchase Price as stated in the Letter of Offer) from a commodity supplier on spot as principal. Bank now owns commodity.
2. Customer appoints the Bank as agent (*wakil*) to purchase the commodity from the Bank on the Customer's behalf and has also appointed the Bank as an agent to sell the commodity to third party.
3. Bank sells the commodity to Customer at cost plus mark up (*Murabahah***) at a Selling Price (same value as Commodity Sale Price as stated in the Letter of Offer) on deferred payment. Pursuant to the appointment as the Customer's agent above, Bank will accept/purchase the sale of commodity by the Bank to the Customer. The Customer now owns the commodity.
4. As owner of the commodity, Customer may opt to:
 - (a) take physical delivery/possession at his own expense; or
 - (b) sell the commodity to a third party for cash;
5. If the customer chooses 4 (b), Bank (as agent of the Customer) sells the Customer's commodity at the Financing Amount to third party on spot for cash.
6. Bank disburses the sale proceeds (financing amount) to Customer by making the limit (financing amount) available in Customer's current account.

* *Commodity:*

- (a) *The commodity is in the form of Crude Palm Oil or any other Shariah compliant commodities to be traded under the Facility which shall be acceptable to the parties and as approved by the Shariah Committee of the Bank;*
- (b) *The trading is carried out on a multi-commodity trading platform which facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.*

** *Murabahah:*

Murabahah is a sale and purchase of an asset where the acquisition cost and mark-up are disclosed to the Customer.

3. What do I get from this product?

- Commodity Sale Price will be calculated based on CPR (as stated in the Letter of Offer).
- Maximum financing tenure is 5 years.
- Profit charges will be calculated based on Effective Profit Rate (EPR)*. EPR charges is pegged to IFR and ranges from IFR + 0.5% to IFR + 3.0% p.a.

* If the profit charged based on EPR is lower than the profit amount based on CPR, rebate will be granted on the difference upon receipt of full settlement by the Bank.

- The profit is calculated on the daily balance of utilised amount and will be reflected in the bank statement at the end of every month. The following is the formula of calculating the profit rate:

Profit charged = Daily Utilised Amount x Profit Rate x Number of days / 365 days

Example:

Facility Amount/Limit (Commodity Purchase Price)	:	RM 1,000,000.00
CPR	:	15.00% p.a
Financing Tenure	:	5 years
Total Selling Price	:	RM1,750,000.00
Total Profit	:	RM750,000.00
IFR	:	6.89% p.a (as of 9 th May 2023)
Profit Rate	:	IFR + 1.00% p.a.
EPR	:	7.89% p.a
Total Amount Utilised	:	RM 20,000.00
No. of Utilisation Days	:	21 days in the Month of May 2023 (from 09/05/23 – 31/05/23)
Profit Charged for November	:	RM90.79 (RM20,000.00 x 7.89% x 21/365)

Note: Please note the above rates and tenure is indicative only. The final approved amount of your financing, tenure and effective profit rate is subject to the Bank's approving criteria and may differ from the above. For actual details of Facility offered, please refer to letter of offer/ facility agreement.

4. What are my obligations?

- Monthly profit charges will be auto debited/deducted from the Customer's current account-i on every month end (deducted from Facility's unutilised balance), hence reducing the available balance for utilisation.
- If the Facility is already at full utilisation (100% utilised), the Customer will be required to service the profit portion.
- Facility Limit (will be auto discontinued on the expiry date of the Facility (for bullet principal) or on reduction expiry date of the Facility (for periodic limit reduction). Hence, non-payment of principal on expiry date will cause the account to be in excess (overdrawn).
- Any excess (overdrawn) of the authorised limit will be immediately due to be paid by the Customer.
- All amounts outstanding must be fully settled on or before the expiry of the facility tenure i.e. maturity date

IMPORTANT: Your monthly profit charged and total profit charged amount will vary if the IFR changes. Any variation to the IFR will be subject to the Bank furnishing **at least 21 days prior written notice to you.**

Based on example under item 3 above, table below depicts the variation of monthly profit servicing and total payable amount if the IFR changes:

Rate	Current IFR	If IFR goes up 1%	If IFR goes down 1%
IFR	6.89%	7.89%	5.89%
EPR	7.89%	8.89%	6.89%
Profit charged for May 2023	RM90.79	RM102.30	RM79.28

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

For information on the fees and charges, you may visit the Bank's fees and charges website at <https://www.hlisb.com.my/en/personal-i/help-support/fees-and-charges/bcb-i-financing.html>

6. What if I fail to fulfil my obligations?

Compensation Charges for Late Payment	<ul style="list-style-type: none">a) For default payment(s) during facility tenure = Up to 1% p.a. on the overdue amount;b) For default causing the facility to be terminated or brought to court = Up to 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);c) For default payment after expiry of facility tenure = BNM's prevailing daily overnight Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);d) For default payment after court judgement has been obtained against you = BNM's prevailing daily overnight IIMM rate on the basic judgement sum.
Right to Set-off	The Bank may set-off/deduct any credit balance in your deposit account maintained with the Bank against any outstanding balance <u>subject to issuance of 7 days prior written notice to you.</u>
Right to Commence Recovery or Legal Action	<ul style="list-style-type: none">• Legal action will be taken if you fail to respond to reminder notices.• Your asset may be foreclosed and you will have to bear all costs. In the event the sale proceeds are insufficient to settle in full the outstanding amount due and owing, you shall be responsible to settle any shortfall.• The Bank may commence recovery activities (including engaging third-party debt collection agencies), foreclosure and bankruptcy proceedings. <p>Note: <i>Legal action against you may affect your credit rating and the ability to obtain any financing from other financial institutions.</i></p>

7. What if I fully settle the financing before its maturity?

- You must give the Bank-3 months prior written notice if you intend to fully settle the financing before its maturity.
- The Bank undertakes to grant you rebate (Ibra') at the point of early settlement. Rebate formula as below:

Rebate on early settlement = Remaining Unearned Profit (-) Early Settlement Charges* (if any)

- Note:**
- (i) *Remaining Unearned Profit = Total Profit (-) Accrued Profit*
 - (ii) *Total Profit = Sale Price (-) Financing Amount*
 - (iii) *Accrued Profit is calculated based on Effective Profit Rate on the utilised limit.*

*For any actual cost incurred by the Bank e.g. discounted rate, legal fees, disbursement fees, stamp duty and valuation fees.

8. Do I need any takaful coverage?

The following takaful coverage are recommended/required to be taken:

- Mortgage Reducing Term Takaful (MRTT) or any equivalent takaful certificates/ policies to cover the company in the event of death or permanent disability of the customer or key men of the company (if applicable).
- Fire takaful if property is given as security for the financing (compulsory).

9. What are the major risks?

The EPR is a variable rate or adjustable and may change according to change(s) in the IFR. An increase in EPR may result in higher profit charges. However, the EPR increase is capped at the CPR stated above.

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

It is important that you inform us of any changes in your contact details to ensure that all correspondences reach you in a timely manner. To update your correspondence details, please contact us at +603-76268899 or visit any of our business centres nationwide.

11. Where can I get assistance and redress?

- If you have difficulties in making payments, you should contact us earliest possible to discuss payment alternatives. You may contact us at:

Hong Leong Islamic Bank Berhad, Commercial & SME Banking
Address : Level 9, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Telephone No. : +603-7661 7777
E-mail : sme@hlbb.hongleong.com.my
Website : www.hlisb.com.my

- Alternatively, you may seek the services of:

- a) **Khidmat Nasihat Pembiayaan (KNP)**, a service formalized by Bank Negara Malaysia (BNM) in collaboration with Credit Guarantee Corporation Malaysia Berhad (CGC) and Agensi Kaunseling & Pengurusan Kredit (AKPK) via MyKNP@CGC that provides financial advisory and recommendations to Small & Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. You may contact KNP at:

MyKNP@CGC Advisory Unit under CGC
Address : CGC Advisory at any CGC branches nationwide.
Please refer to CGC website for the branch location at <https://www.cgc.com.my/cgc-branches>.
Telephone : 03- 7880 0088
E-Mel : myknp@cgc.com.my
Website : <https://www.bnm.gov.my/MyKNP>

- b) **Agensi Kaunseling dan Pengurusan Kredit (AKPK)**, an agency established by Bank Negara Malaysia as a one-stop platform for both individuals and SMEs seeking financing restructuring services as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)
Address : Level 5 & 6, Menara Bumiputra Commerce, Jalan Raja Laut 50350 Kuala Lumpur, Federal Territory\
Telephone : 1-800-88-2575
E-mail : enquiry@akpk.org.my
Website : <https://www.akpk.org.my/smehelpdesk>

- If you wish to complain on the products or services provided by us, you may contact us at:

Customer Advocacy

Address : Level 13A, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur
Telephone No. : 03-7626 8821/ 03-7626 8802/ 03-7626 8812
E-mail : customerservice@hlbb.hongleong.com.my

- If your query or complaint is not satisfactorily resolved by us, you may contact Bank Negara Malaysia at:

Bank Negara Malaysia LINK or BNMLINK

Address : 4th Floor, Podium Bangunan AICB, No 10, Jalan Dato Onn, 50480 Kuala Lumpur
Telephone No. : 1-300-88-5465
Fax : +603-2174 1515
Website : <https://bnmlink.bnm.gov.my>

12. Where can I get further information?

Should you require additional information on CMCL-i financing, please visit any of our business centres nationwide or you may visit our website at www.hlisb.com.my.

13. Other Financing Packages Available

- Hong Leong Commodity Murabahah Term Financing-i
- Hong Leong CM Flexi Term Financing-i
- Hong Leong Commodity Murabahah Revolving Credit-i
- Islamic Trade Financing
- Hong Leong Industrial Hire Purchase-i

IMPORTANT NOTICE

THE BANK MAY PROCEED WITH LEGAL ACTION AND FORECLOSURE OF YOUR ASSET FINANCED BY OR CHARGED AS COLLATERAL TO THE BANK SHOULD YOU FAIL TO PAY YOUR PAYMENT PROMPTLY.

Reading Through Carefully The Details In The PDS Is Very Important So As To Ensure That You Get To Know And Understand The Product Terms And You Have Agreed To Be Bound By It.

The information provided in this PDS is valid as at November 2024