

**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 Commodity Murabahah Term Financing-i (CMTF-i)** with Hong Leong Islamic Bank ("Bank").

**Hong Leong**  
**Commodity Murabahah Term Financing-i**  
**(CMTF-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.

**March 2023**

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?**

- CMTF-i is a one-off basis non-revolving Islamic financing facility which complies with Shariah principles that has a predetermined maturity date and payment schedule.
- The Facility is generally used for financing the purchase of fixed assets such as properties or machineries and sometimes for working capital.
- CMTF-i is a fixed rate financing and can also be offered on a multiple tier (level) profit rate. Under this product, the profit rate offered to the Customer at the point of approval remains the same throughout the financing tenure.

**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 CMTF-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 an agent (*wakil*) to purchase the commodity from the Bank on the Customer's behalf and also appoints 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 the Commodity Sale Price as stated in the Letter of Offer) on deferred payment (instalments). Pursuant to the appointment as the Customer's agent above, Bank will accept/purchase the sale of commodities by the Bank to the Customer. The Customer now owns the commodity.
4. As the owner of the commodity, Customer may opt to:
  - (a) to 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.

\* *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?**

- Margin of Financing (MOF) offered will depend on the purpose of financing. Typically, for property financing the MOF is up to 80%
- Profit Rate (PR) charges will depend on the purpose of financing and is fixed at the point of issuance of Letter of Offer.
- Financing tenure differs with the purpose of financing. Generally the financing tenure ranges from 5 years to 15 years

**Example:**

Facility Amount/Limit/ Commodity Purchase Price	:	RM 1,000,000.00
Financing Tenure	:	180 months
Profit Rate (fixed throughout the financing tenure)	:	4.70% p.a.
Payment Amount (on PR) (per month)	:	RM 7,753.00
Total Profit (for the 180 months)	:	RM 395,540.00
Commodity Selling Price (principal plus profit)	:	RM 1,395,540.00

No.	Payment Commence 1st of the following month	Billed Profit	Principal Paid	Remaining Unearned	Principal Balance O/S	Current Outstanding Balance	Next Payment Due Date	Profit Rate
0				<b>395,540.00</b>	<b>1,000,000.00</b>	<b>1,395,540.00</b>	<b>1-Mar-18</b>	
1	7,753.00	3,991.87	3,761.13	391,548.13	996,238.87	1,387,787.00	01-Apr-18	4.70%
2	7,753.00	3,848.40	3,904.60	387,699.73	992,334.27	1,380,034.00	<b>01-May-18</b>	4.70%
3	7,753.00	3,961.18	3,791.82	383,738.55	988,542.45	1,372,281.00	01-Jun-18	4.70%
:	:	:	:	:	:	:	:	
174	7,753.00	215.45	7,537.55	<b>60.17</b>	46,457.83	46,518.00	01-Sep-32	4.70%
175	7,753.00	<b>60.17</b>	7,692.83	0.00	38,765.00	38,765.00	01-Oct-32	4.70%
176	7,753.00	0.00	7,753.00	0.00	31,012.00	31,012.00	01-Nov-32	4.70%
177	7,753.00	0.00	7,753.00	0.00	23,259.00	23,259.00	01-Dec-32	4.70%
178	7,753.00	0.00	7,753.00	0.00	15,506.00	15,506.00	01-Jan-33	4.70%
179	7,753.00	0.00	7,753.00	0.00	7,753.00	7,753.00	01-Feb-33	4.70%
180	7,753.00*	0.00	7,753.00	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	01-Mar-33	4.70%

\* The final payment amount may be varied to fully settle all amount outstanding.

**Note:** Please note the above rates and tenure are indicative only. The final approved amount of your financing, tenure and effective profit rate is subject to the Bank's offer 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?**

- To pay the scheduled payments comprising of principal and profits in a timely manner (calculated based on PR and daily reducing outstanding principal).
- Payments are generally scheduled on monthly/quarterly/semi-annually/annually basis.
- To settle all amounts outstanding on or before the expiry of the facility tenure i.e. maturity date.

**IMPORTANT: Your payment amount will be FIXED throughout the financing tenure. If payment falls on non-working days or public holiday, payment shall be made on the immediate preceding working day**

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

<b>Stamp Duties</b>	As per Stamp Duty Act 1949 (including any revisions made to it).
<b>Legal and Disbursement Fees</b>	Solicitor fee as per the Solicitor's Remuneration Order 2005 (including any revisions made to it) including fees for registration of charge, land search, bankruptcy search, relevant government tax and other tax or levy as per the scale fees charged by the respective authorities.
<b>Commodity Trading Fee</b>	<b>For SME Customer</b> RM4.00 for every RM1.0 million of financing amount on a pro-rated basis.  <b>For Non-SME Customer</b> RM8.00 for every RM1.0 million of financing amount on a pro-rated basis.

**Note:** All fees, commissions, charges and other monies payable will be exclusive of and subject to any Government Tax, where applicable. For more information on other charges, you may log on to Bank's website at [www.hlisb.com.my](http://www.hlisb.com.my).

## 6. What if I fail to fulfil my obligations?

<b>Compensation Charges for Late Payment (Ta'widh)</b>	<ul style="list-style-type: none"><li>a) For default instalment payment(s) <b>during facility tenure</b> = 1% p.a. on the overdue amount;</li><li>b) For default causing the facility to be terminated or brought to court = 1% p.a. on the outstanding balance (outstanding principal plus accrued profit);</li><li>c) For default payment <b>after expiry of facility tenure</b> = BNM's prevailing daily overnight Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);</li><li>d) For default payment after court judgement has been obtained against you = BNM's prevailing daily overnight IIMM rate on the basic judgment sum.</li></ul>
<b>Right to Set-off</b>	The Bank may set-off/deduct any credit balance in your deposit accounts maintained with the Bank against any outstanding balance <u>subject to issuance of 7 days' prior written notice to you.</u>
<b>Right to Commence Recovery or Legal Action</b>	<ul style="list-style-type: none"><li>• Legal action will be taken if you fail to respond to reminder notices.</li><li>• 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 will be responsible to settle any shortfall.</li><li>• The Bank may commence recovery activities (including engaging third-party debt collection agencies), foreclosure and bankruptcy proceedings.</li></ul> <p><b>Note:</b> <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:

$$\text{Rebate on early settlement} = \text{Remaining Unearned Profit (-) Early Settlement Charges* (if any)}$$

- 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 outstanding Financing Amount being disbursed*

\* 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?

Profit rate is fixed for the whole facility tenure and will not be affected by the change in the market rates. You are not able to enjoy any reduction in the agreed profit/financing rate as stated in the Letter of Offer.

## 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 +603-7626 8899 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 and 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](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://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](mailto:myknp@cgc.com.my)

Website : <https://imsme.com.my/portal/myknp-cgc-en/>

- 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](mailto: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. : 03-76268801/03-76268802/03-76268812

E-mail : [customerservice@hlbb.hongleong.com.my](mailto: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 BNMTLELINK

Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur

Telephone No. : 1-300-88-5465

Fax : +603-2174 1515

E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)

## 12. Where can I get further information?

Should you require additional information on CMTF-i financing, please visit any of our business centres nationwide or you may visit our website at [www.hlisb.com.my](http://www.hlisb.com.my).

## 13. Other Financing Packages Available

- Hong Leong CM Flexi Term Financing-i
- Hong Leong Commodity Murabahah Revolving Credit-i
- Hong Leong CM Cashline-i
- Islamic Trade Financing-i
- 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 March 2023