

## PRODUCT DISCLOSURE SHEET

Kindly read this Product Disclosure Sheet together with the terms in the letter of offer before you decide to take up the Hong Leong Commodity Murabahah Revolving Credit-i (CMRC-i) with Hong Leong Islamic Bank ("Bank"). Be sure to also read the general terms and conditions.

The information provided is merely general information of the product. The terms and conditions indicated in this Product Disclosure Sheet are tentative/ indicative and may change at the discretion of the Bank. Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

Seek clarification from your institution if you do not understand any part of this document or the general terms.

## Hong Leong Commodity Murabahah Revolving Credit-i (CMRC-i)

June 2018

### 1. What is this product about?

- CMRC-i is a short term revolving Shariah compliant financing facility where the actual sale price, financing tenure and maturity date to be determined at point of each disbursement.
- It is generally used for working capital and asset acquisitions to support company's day-to-day operations.

### 2. What is the Shariah concept applicable?

The Shariah principle used is Murabahah via *Tawarruq* arrangement. *Tawarruq* refers to purchasing an asset with deferred price, then selling it to a third party to obtain cash.

The mechanics involved in CMRC-i:

1. Bank buys the commodity\* (same value as financing amount) from a commodity supplier on spot as principal (Bank now owns commodity);
2. Customer has appointed Bank as agent to purchase the commodity and has also appointed the Bank as an agent to sell the commodity.
3. Bank sells the commodity to Customer at cost plus mark up (same value as selling price) on deferred payment (instalments). Upon the purchase, 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. Bank (as agent of the Customer) sells Customer's commodity (same value as financing amount) to third party on spot for cash;
6. Bank disburses 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 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 such as Bursa Suq Al Sila' or any other commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of the Bank.*

### 3. What do I get from this product?

- Multiple disbursements ("Note Transaction") within the approved Facility Limit.
- Maximum financing tenure for each Note Transaction is 12 months
- Sale Price which is inclusive of profit charges is fixed at point of each disbursement calculated based on prevailing Profit Rate illustrated as follows:

#### ***Illustration only***

Facility Amount/Limit	:	RM1,000,000.00
Notes Transaction (Commodity Purchase Price)	:	RM400,000.00
Tenure	:	60 days
Profit Rate	:	5.35% p.a.
Commodity Sale Price	:	RM403,517.81
Profit Amount	:	RM3,517.81

### 4. What are my obligations?

- For every disbursement, you will have options to pay either:

- a) Periodic profit servicing (monthly, quarterly, or half yearly) and bullet principal payment; or
- b) Bullet payment of profit and principal (at maturity)

- Commodity Sale Price is to be fully paid at maturity of every disbursement

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

<b>Stamp Duties</b>	As per Stamp Duty Act 1949 (revised 1989).
<b>Legal and Disbursement Fees</b>	Solicitor fee as per the Solicitor's Remuneration Order 2005 including fees for registration of charge, land search, bankruptcy search, related government tax and other tax or levy as per the scale fees charged by the respective authorities.
<b>Trading Fee</b>	RM15 for every transaction of RM1 Million or part thereof in the currency of transaction (for e.g. SGD15 for every SGD1 million or USD15 for every USD1 million, etc). For SME Customers, the fee is equally shared between Customer and the Bank.

**Note:** All fees, commissions, charges and other monies payable shall be exclusive of and subject to any Government Tax, where applicable.

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

<b>Compensation Charges for Late Payment</b>	<ul style="list-style-type: none"> <li>a) For default instalment payment(s) during facility tenure = 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 after expiry of facility tenure = BNM Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit);</li> <li>d) For default payment post judgment = IIMM rate on the basic judgment sum.</li> </ul> <p><b>Note:</b> (i) Compensation charges shall not be compounded and more than the outstanding principal  (ii) Compensation charges method and rate are subject to changes as may be prescribed by BNM  (iii) Compensation charges is computed on a daily basis from the payment due date/maturity date/judgment date</p>
<b>Right to set-off</b>	The Bank is entitled to set-off any credit balance in your deposit account maintained with the Bank against any outstanding balance.
<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. Your asset may be foreclosed and you will have to bear all costs. You are also responsible to settle any shortfall after your asset is sold.</li> <li>• The Bank has a right to commence recovery activities (including engaging third party debt collection agencies), foreclosure and bankruptcy proceedings.</li> </ul> <p><b>Note:</b> Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p>

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

- The Bank undertakes to grant you rebate (Ibra') at the point of full 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 from the Bank's panel:

- Mortgage Reducing Term Takaful (MRTT) or any equivalent takaful coverage 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?

Should there be a reduction in prevailing Profit Rate, you are not be able to enjoy any reduction in the agreed profit/financing rate.

#### 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, Wholesale Banking-i,  
Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone No. : +603-2081 8888  
E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://www.hlisb.com.my)
- Small Debt Resolution Committee (SDRC), established by Bank Negara Malaysia that provides assistance to viable small and medium scale enterprises (SMEs). You may contact SDRC at:  
  
SDRC Secretariat, Development Finance and Enterprise Department  
Address : Bank Negara Malaysia (BNM), Jalan Dato' Onn 50480 Kuala Lumpur  
Telephone No. : 1-300-88-5465  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.bnm.gov.my](http://www.bnm.gov.my)
- If you wish to complaint on the products or services provided by us, you may contact us at:  
  
Hong Leong Islamic Bank, Wholesale Banking-i,  
Address : Level 23, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur  
Telephone No. : +603-2081 8888  
E-mail : [sme@hlbb.hongleong.com.my](mailto:sme@hlbb.hongleong.com.my)  
Website : [www.hlisb.com.my](http://www.hlisb.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 BNMTELELINK  
Address : Block D, Bank Negara Malaysia Jalan Dato' Onn 50480 Kuala Lumpur.  
Telephone No. : 1-300-88-5465 Fax : 03-2174 1515  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.ofs.org.my](http://www.ofs.org.my)

#### 12. Where can I get further information?

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

#### 13. Other Financing Packages Available

- Hong Leong Commodity Murabahah Term Financing-i
- Hong Leong CM Flexi Term Financing-i
- Hong Leong CM Cashline-i
- Islamic Trade Financing-i

#### **IMPORTANT NOTICE**

**THE BANK HAS THE RIGHT TO 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.**

The information provided in this disclosure sheet is valid as at June2018.