

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 Industrial Hire Purchase-i with Hong Leong Islamic Bank ("Bank"). Be sure to also read the general terms and conditions.

The information provided here is merely a 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 Final terms and conditions will be read jointly and superseded as stipulated in the letter of offer and facility agreement after credit assessment and approval for the financing.

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



Hong Leong Industrial Hire Purchase-i ("IHP-i")

October 2020

1. What is this product about?

Industrial Hire Purchase-i ("IHP-i") is a financing facility which offers short to medium term financing via hiring of equipment/ assets (Goods) by the Hirer (you) from the Owner (the Bank). The hire will end with sale of the Goods to you at the expiry of the hiring contract. The facility is offered for purchase of new Goods.

Upon your acceptance of the facility, you will enter into an IHP-i Agreement with the Bank. The Bank will hire the desired Goods to you for an agreed period and instalment amounts and you will undertake to purchase and take ownership of the Goods upon payment of final instalment. Profit on the facility will be charged at a fixed rate. Upon payment of final instalment, which comprises the sale price of RM1.00, the ownership of the Goods will be transferred to you.

2. What is the Shariah concept applicable?

This product is based on Shariah contract of Al-Ijarah Thumma Al-Bai' ("AITAB") i.e. Hire Ends With Sale. AITAB, which means hire (Ijarah) and ends with sale/ purchase (Bai').

3. What do I get from this product?

- Facility Amount: RM <_____>
- Margin of Financing: <_____> %
- Tenure: <_____> months
- Profit Rate: <_____> % p.a.

4. What are my obligations?

- Monthly Instalment*: RM <_____>
- Final Instalment**: RM<_____>
- Total Payment at the end of [... ..] months is **: RM <_____>

Note:

**Deposit paid by the Customer to the supplier before the execution of the IHP-i Agreement will become part of the first monthly instalment.*

The first monthly instalment will be the nett amount to be paid by the Customer after setting off the Deposit paid by the Customer to the supplier before the execution of the IHP-i Agreement.

For the avoidance of doubt, the Deposit paid by the Customer to the supplier before the execution of the IHP-i Agreement will exclude the payment of the takaful contribution/ insurance premium (if any) for the first year.

***Inclusive of RM1.00 as the sale price.*

5. What other charges do I have to pay?

- **Stamp Duty**
As per Stamp Act 1949 (revised 1989).
- **Legal and Disbursement Fees**
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 (if applicable).

Note:

Subject to Government Tax, if applicable. For more information on other charges, you may log on to HLISB's website at www.hlisb.com.my.

6. What if I fail to fulfil my obligations?

Should you fail to service your payment obligation in a timely manner, the following shall apply:

- **Compensation Charges**

- a) For default payment **during facility tenure** = up to 1% p.a. on the overdue instalment amount;
- b) For default payment 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** = Islamic Interbank Money Market ("IIMM") rate on the outstanding balance (outstanding principal plus accrued profit); and
- d) For default payment after court judgment has been obtained against you = IIMM rate on the basic judgment sum.

Note:

- (i) Compensation charges must not be added to the outstanding principal (compounded) and must not be more than the outstanding principal.
- (ii) Compensation charges method and rate are subject to changes as may be prescribed by Bank Negara Malaysia.
- (iii) Compensation charges are computed on a daily basis from the payment due date/ maturity date/ judgment date.

- **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 of this Facility subject to issuance of seven (7) days' prior written notice by the Bank to you.

- **Right to Commence Recovery or Legal Action**

Legal action will be taken if you fail to respond to the 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 will be responsible to settle any shortfall, subject to terms and conditions contained in the IHP-i Agreement.

The Bank may commence recovery activities (including engaging third-party debt collection agencies), foreclosure and bankruptcy proceedings.

Note:

Legal action against you may affect your credit rating leading to your subsequent financing application being more difficult or becoming more costly.

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

You are entitled to statutory rebate (Ibra') on the unexpired hiring period, which will be calculated in accordance with the following formula:

$$R = TC \times \frac{n(n+1)}{N(N+1)} \quad \text{where,}$$

R	represents profit rebate
TC	represents total amount profit payable over facility period
n	represents remaining facility period expressed in months
N	represents original facility period expressed in months

8. Do I need any takaful/ insurance coverage?

- Yes, you must ensure and cause the Goods to be covered under a comprehensive takaful/insurance* protection throughout the IHP-i facility period.
- Where applicable, a takaful/insurance* protection on the key personnel(s) of the company is also required to cover the company in the event of death or permanent disability of the key personnel(s) of the company.

*Note:

- You are encouraged to subscribe a comprehensive takaful protection.
- The cost of the takaful/insurance is not financed by the Bank and shall be borne by you.

9. What are the major risks?

- Profit rate is fixed for the whole tenure and will not be affected by the change in the market rates.
- Should you encounter any difficulties in meeting your obligations, please contact us early to discuss other payment alternatives. This is to avoid any legal action against you in the event you are unable to pay your instalment.

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@CGCAdvisory 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 : www.myknp.com.my

- 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)

Alamat : Tingkat 5 & 6, Menara Bumiputra Commerce, Jalan Raja Laut 50350 Kuala Lumpur, Federal Territory\

Telephone : 1-800-88-2575

E-mail : enquiry@akpk.org.my

- If you wish to complain on the products or services provided by us, 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

- 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 : +603-2174 1515

E-mail : bnmtelelink@bnm.gov.my

12. Where can I get further information?

Should you require additional information about taking IHP-i facility, please visit any of our branches or you may visit our website at www.hlisb.com.my or www.bankinginfo.com.my website.

13. Other facilities available?

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

IMPORTANT NOTE

THE BANK MAY PROCEED WITH LEGAL ACTION AND FORECLOSURE OF THE GOODS 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.

The information provided in this disclosure sheet is valid as at October 2020