

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to take out the **Industrial Hire Purchase (Fixed Rate)** facility with Hong Leong Bank Bhd.

Be sure to read the final term and conditions that will be stipulated in the letter of offer and facility agreement. The information provided in this sheet is merely general information of the product.

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



Business and Corporate Banking

**Industrial Hire Purchase
(Fixed Rate)**

< **Date** >

1. What is this product about?

- Industrial Hire Purchase (Fixed Rate) is a facility that can be used to finance the acquisition of an equipment or a machinery which is not listed in the first schedule of the Hire Purchase Act 1967 for business and / or industrial purposes.
- The interest rate charged will be based on fixed rate and remains unchanged for the duration of the loan.

2. What do I get from this product?

▪ Total amount financed	<RM xx >
▪ Tenure (duration of loan)	< xx years > Loan tenure differs with the type of equipment / machinery that is being financed which generally ranges from 3 years to 7 years.
▪ Interest rates / Term charges	< xx% > Fixed rate p.a. Interest rate ranges between 3.50% p.a. up to 5.00% p.a. The interest rate payable per instalment (also known as 'Term charges') will be calculated based on flat interest rate method as per following formula: Term charges = Amount financed x interest rate% x loan tenure (years)
▪ Margin of financing (MOF)	Depending on the type of equipment or machinery maximum MOF that can be up to 80%

Example

Total Amount Financed : RM 160,000
Tenure : 7 years / 84 months
Interest Rate : 3.50% p.a. (Fixed rate)
Term Charges : RM 39,200

Calculation of term charges based on following formula:
Amount financed RM 160,000 x Interest rate 3.50% p.a. x
Loan tenure (in years) 7 years

Monthly Instalment Amount : RM 2,372.00
Calculation of monthly instalment amount based on following formula:
Amount financed RM 160,000 + Term charges RM 39,200
Loan tenure (in months) 84 months

Total Repayment Amount : RM 199,200

Calculation of repayment amount based on following formula:
Total amount financed RM 160,000 + Term charges RM 39,200

Table below depicts the monthly interest charged, monthly instalment amount and total repayment schedule based on example:

Month	Principal (RM)	Interest (RM)	Monthly Instalment (RM)	Principal Balance (RM)	Gross Outstanding (RM)
1	1,449.65	922.35	2,372.00	158,550.35	196,828.00
2	1,460.63	911.37	2,372.00	157,089.73	194,456.00
3	1,471.61	900.39	2,372.00	155,618.12	192,084.00
:	:	:	:	:	:
:	:	:	:	:	:
83	2,350.04	21.96	2,372.00	2,313.02	2,324.00
84	2,313.02	10.98	2,324.00	(0.00)	0.00

Note: Please note the above-mentioned rates and tenure are indicative only. The final approved amount of your loan, tenure, interest rate, and effective lending rate are subject to the Bank's approving criteria and may differ from the above. For actual details of Industrial Hire Purchase (Fixed Rate) offered, please refer to letter of offer or IHP agreement.

3. What are my obligations?

- Your monthly instalment is < RM xx >
- Total repayment amount at the end of < xx years > is < RM xx >

4. What other fees and charges do I have to pay?

▪ Stamp Duties	As per the Stamp Duty Act 1949 (Revised 1989)
▪ Legal Fees and Disbursements Fees (where applicable)	Include solicitor's fee for loan documentation, Government Tax, fees and charges for registration of charge, land search and bankruptcy search.
▪ Facility Fees	Not applicable for Small and Medium Enterprises (SMEs)

For full list of Business and Corporate Banking fees and charges, please visit our website www.hlb.com.my

5. What if I fail to fulfil my obligations?

IMPORTANT NOTE: Please read the final terms and conditions as stipulated in the letter of offer, facility agreement for further information.

▪ Late Payment Penalty	1.00% p.a. above the interest rate on the amount in arrears
▪ Default Rate	In the event of default (non-payment) on three (3) consecutive payments of interest during the payment of monthly instalment, the Bank shall be entitled to increase the financing rate by 1.00% p.a. in addition to the prescribed rate.
▪ Right to set-off	The Bank has the right to set-off any credit balance in account maintained with us against any outstanding balance.
▪ Right to commence recovery or legal action	<p>Legal action will be taken if you fail to respond to reminder notices.</p> <p>The Bank has a right to commence recovery activities (including engaging third party debt collection agencies) and legal proceedings which may include repossession of the equipment / machinery.</p> <p>In the event of repossession, you will have to bear all costs. You are also responsible to settle any shortfall after your equipment / machinery is sold.</p> <p>Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.</p>

6. What if I fully settle the loan during the lock-in period?

- No lock-in period for this facility.
- For partial prepayments, any amount prepaid shall not be available for redraw.

7. Do I need any insurance or takaful coverage?

- Yes, insurance / takaful coverage is required for the equipment / machinery pledged as security collateral for the Industrial Hire Purchase (Fixed Rate) facility.
- General insurance which covers all risk insurance and can be applied for movable or immovable equipment / machinery is recommended to be taken from any insurance company deemed acceptable by the Bank

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

- It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. To update your contact details, you may visit any of our branches or inform us in writing at:

Hong Leong Bank Berhad, Commercial and SME Banking

Address : Level 9, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur

E-mail : SME@hlbb.hongleong.com.my

9. Where can I get assistance and redress?

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

Hong Leong Bank Berhad, Commercial and SME Banking

Address : Level 9, Menara Hong Leong,
No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur

Telephone : 03-7661 7777

E-mail : SME@hlbb.hongleong.com.my

Website : www.hlb.com.my

- Alternatively, you may seek the services of:

- a) Khidmat Nasihat Pembiayaan (KNP), a service formalized by Bank Negara Malaysia 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 and 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 of CGC branches nationwide. Please refer to CGC website for the branch location <https://www.cgc.com.my/cgc-branches>

Telephone : 03- 7880 0088

E-mail : 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 debts restructuring services, as well as financial education and credit advisory. You may contact AKPK at:

Agensi Kaunseling dan Pengurusan Kredit (AKPK)

Address : Tingkat 8, Maju Junction Mall 1001, Jalan Sultan Ismail 50250
Kuala Lumpur

Telephone : 03- 2616 7766

E-mail : enquiry@akpk.org.my

- To make a complain on products or services offered, you may contact us at:

Customer Advocacy

Address : Level 13A Floor, Menara Hong Leong,
No 6, Jalan Damanela, Bukit Damansara, 50490 Kuala Lumpur.

Telephone : 03-7626 8801 / 03-7626 8802 / 03-7626 8812

E-mail : customerservice@hlbb.hongleong.com.my

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

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

Telephone : 1-300-88-5465

Fax : 03-2174 1515

E-mail : bnmtelelink@bnm.gov.my

10. Where can I get further information?

- Should you require additional information about taking an **Industrial Hire Purchase (Fixed Rate)** facility, please refer to the bankinginfo booklet on www.bankinginfo.com.my website.

11. Other similar products available

- Term Loan (for equipment / machinery financing)

IMPORTANT NOTE

THE BANK HAS THE RIGHT TO PROCEED WITH LEGAL ACTION AND REPOSESSION OF YOUR EQUIPMENT / MACHINERY FINANCED BY OR CHARGED AS COLLATERAL TO THE BANK SHOULD YOU FAIL TO PAY YOUR MONTHLY INSTALMENT PROMPTLY

The information provided in this product disclosure sheet is valid as at <dd/mm/yy>