

PRODUCT DISCLOSURE SHEET (PDS)
(Versi Bahasa Malaysia)

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

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

Please seek clarification from the Bank if you do not understand any part of this PDS.



Business and Corporate Banking

**Industrial Hire Purchase
(Fixed Rate)**

< **Date** >

1. What is this product about?

- Industrial Hire Purchase Fixed Rate (IHP) 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: $\text{Term charges} = \frac{\text{Amount financed} \times \text{interest rate}\% \times \text{loan tenure (years)}}{1}$
▪ 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
RM39,200*

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 >
- Loan repayment for the IHP facility is typically in the form of monthly instalment with a fixed equal instalment amount comprising principal and interest (calculated based on fixed rate)

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

▪ Stamp Duties	As per the Stamp Duty Act 1949 (Revised 1989)
▪ Facility Fees	Not applicable for Small and Medium Enterprises (SMEs)
▪ Additional Charges (where applicable)	All other additional charges and expenses incurred by the Bank incidental to purchasing the equipment / machinery includes where the invoice is in foreign currency, any additional sums payable to the seller of equipment / machinery arising out of fluctuations in the exchange rate.

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 Charges	<p>In the event of late payment, the Bank will charge 1.00% p.a. (or any other rate*) on the amount in arrears from the time of default up to the time of actual payment of such amount in arrears.</p> <p>*Note: If there are any changes to the late payment penalty charges rate, prior notice will be provided to you by the Bank</p>
▪ Default Rate	<p>In the event of default in the payment (whether principal or interest or any sum payable to the Bank, including a default where the Bank had made a demand or recalled the facility), the Bank will charge 1.00% p.a. in addition to the prescribed rate, from the time of default up to the time of actual payment</p>
▪ Right to set-off	<p>The Bank has the right to set-off any credit balance in any account(s) maintained with us against any outstanding balance as agreed per facility agreement and where applicable prior notice will be provided to you by the Bank.</p>
▪ 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>

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.

Note: Legal action against you may affect your credit rating leading to credit being more difficult or expensive.

6. What if I fully settle the loan before its maturity?

- No lock-in period for this facility.
- Partial prepayments of 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 at <https://www.cgc.com.my/cgc-branches/>

Telephone : 03- 7880 0088

E-mail : 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 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

Website : <https://www.akpk.org.my/smehelpdesk>

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

Customer Advocacy

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

Telephone : 03-7626 8821 / 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 at:

Address : 4th Floor, Podium Bangunan AICB, No.10, Jalan Dato' Onn, 50480
Kuala Lumpur.

Telephone : 1-300-88-5465 or 03-2174-1717 (for overseas calls)

Web Form : bnmlink.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 visit www.hlb.com.my .

11. Other similar products available

- Term Loan

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>