

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to sign-up for the HSBC Amanah Bank Malaysia Berhad's ("the Bank") Business Premises Smart-i ("BPS-i") product. Be sure to also read the Relationship Terms of Business and Generic Terms & Conditions for Commercial Banking and the terms and conditions as stipulated in the Facility Offer Letter.

HSBC Amanah Bank Malaysia Berhad

▪ **Business Premises Smart-i (BPS-i)**

Date: January 2024

1. What is this product about?

- Business Premises Smart-i (BPS-i) helps you/your business/company to own your own business premises.
- It is a credit facility for financing or refinancing of business premises. This is a financing facility secured against Commercial/ Industrial/Residential Properties and/or Vacant Land offered to customers.
- BPS-i is allowed for the following purposes:
 - Financing or refinancing of properties for business use (i.e. at least 50% owner-occupied, either by the customers entity or other entities within the same group), fully completed with Certificate of Fitness for Occupation (COF).
 - Financing the construction of factories or buildings on vacant land purchased (excluding miscellaneous costs i.e. design fees, legal fees, taxes, overhead costs, inspection fees, etc.) for own business use.
- This BPS-i is calculated on a variable rate basis, which means the lease rental rate of the facility changes with the changes in market rates, and you are offering the business premises and / or vacant land as a security for this facility. Additional security may be requested as may be stipulated in your Facility Offer Letter.

2. What is the Shariah concept applicable?

For completed property:

- The Shariah concept applicable is Diminishing Co-ownership (Diminishing Musharakah). Diminishing Musharakah involves three underlying contracts independent from each other, those are: (i) co-ownership, (ii) lease, and (iii) purchase.
 - i. **Co-ownership:** the Bank participates as a financial partner in the acquisition of a property. You and the Bank contribute a capital to own a property.
 - ii. **Lease:** The Bank then leases its share of the property to you for "rental payment" or lease rentals.
 - iii. **Purchase:** On monthly basis, you purchase a portion of the Bank's share in the property. This purchase is effected through "purchase price" paid by you. The purchase is arranged based on the Shariah concept of promise (wa`d). Accordingly, the monthly instalment which you have to pay to the Bank consists of:
 - (a). lease rentals (to lease the Bank's share of the property), and
 - (b). purchase price (to buy the Bank's share of the property).
- With each full instalment you pay, the proportion of your share in the property will increase, while the Bank's portion gradually diminishes. Ultimately, the transfer of all the Bank's share of the property to you will take place

when the Bank's capital portion for the facility tenure have been paid in full. After that, you will fully own the property.

- The business premises cannot be used for activities that are not Shariah-compliant, i.e. for any illegal or immoral purpose; or for a business which primarily involves gambling or gaming; the manufacture or sale of pork, alcohol and/or tobacco; the provision of non-Islamic financial services, insurance and/or stockbroking; or entertainment activities that are non-permissible according to Shariah.

For Property Under Construction:

- Financing of property under construction is based on an arrangement of Diminishing Musharakah and Istisna' (construction procurement).
- **Istisna**, which refers to a contract under which one party purchases from another at an agreed price, an asset to be constructed, built or manufactured in accordance with the agreed specifications, and which is to be delivered by the seller on an agreed future date. For this facility, the Istisna' asset will be the property which must be a commercial premises; the purchaser will be the Musharakah parties (which via a co-ownership arrangement, are collectively the Bank and you) and the seller and procurement party will be you.
- Your obligation as seller and procurement party includes building, constructing and delivering the property in accordance with the terms and conditions in the Istisna' Agreement. You may appoint a vendor (i.e. the counterparty which you have a signed sale and purchase agreement with) to construct the property.
- If you have appointed a vendor for the construction of the property, you shall in your capacity as seller and procurement party ensure that the property is completed according to the required specifications (including examining all applicable document, dealing with defects and obtaining all applicable undertaking and warranties related to workmanship qualities) and accept delivery of the property from the vendor.
- The Istisna' Agreement will set out the compensation arrangement in the event the seller and procurement party (or its appointed vendor) fails to complete the construction and delivery of the property in accordance with the terms and conditions in the Istisna' Agreement.

3. What do I get from this product?

- Up to 85% margin of financing or up to 75% if for investment based on the Purchase Price based on the Sales & Purchase Agreement or the Open Market Value (OMV) stated in the valuation report of the Bank's panel valuer
- Also applicable for re-financing options. The Bank may adjust the financing amount downwards or obtain additional security(ies) based on the credit assessment performed at the point when the Bank first received your business/company's facility application.
- Flexible payment scheme which allows your business/company to make extra payment and redraw this amount at any time up to the scheduled balance and you are also given the option below to withdraw the excess amount:
 - Cheque book
 - HSBCnetBusiness Telebanking (BTB) / Personal Telebanking (PTB)
 - ATM Card

Example:

Purchase price/OMV :

RM 500,000.00

Lease Rental Rate:	BFR – 1.7%
Margin of Financing	85%
Financing amount:	RM 425,000.00
Financing tenure :	20 years
Base Financing Rate (BFR) :	5.74% per annum*, subject to fluctuations due to changes in Overnight Policy Rates as announced by Bank Negara Malaysia
<Relationship Manager to quote the terms and conditions for this product>	
*BFR is subject to change and from time to time in line with changes in the Overnight Policy Rate as announced by Bank Negara Malaysia. Please refer to this link for more information: https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges	

4. What are my obligations?

- Your monthly payment and total amount to be paid will vary if the BFR changes.
- You can choose to pay more than the actual monthly payment, and if you need to, the excess amount can be withdrawn subject to the available Facility Limit. While the excess amount is in the Facility account, it will benefit you by reducing the lease rental amount charged for that period.
- Pending commencement of the monthly payment as provided in the table above, you are required to pay to the Bank's advance lease rentals at the stipulated lease rental rate(s) calculated on the utilised portion of the Facility starting one month from the first disbursement of the Facility or starting on such other date as advised by the Bank in writing.
- The minimum monthly lease rental shall be calculated and accrued on a monthly basis at the Lease Rental Rate multiplied by the daily outstanding Facility Amount; and the difference between the monthly payment amount and the lease rental represents the purchase price amount payable for your progressive purchase of the Bank's undivided portion of beneficial ownership in the Property.

Example of monthly payments if there are any BFR changes:

Financing amount: RM500,000

Tenure: 20 years

BFR (current): 5.74% per annum

Effective Profit Rate: BFR – 1.7%

	Tenure of Facility	Today (BFR=5.74%)	If BFR goes up 1%	If BFR goes up 2%
		Lease rental rate : 4.04%	Lease Rental Rate : 5.04%	Lease Rental Rate 6.04%
Monthly Instalment	20 year(s) with first instalment to start from the date of first disbursement or upon full	RM 3,041	RM 3,310	RM3,594

	disbursement as stipulated in the Letter of Offer			
Total lease rental that would have been paid at the end of 20 years		RM229,638	RM294,746	RM362,422
Total amount that would have been paid at the end of 20 years		RM729,840	RM794,746	RM862,422

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

Stamp Duties:	As per the prevailing Stamp Act 1949 (Revised 1989) and subject to any stamp duty exemption or remission orders, if any, as may be granted from time to time.
Legal fees:	Legal fees incurred in the preparation of all documentation and perfection of the bank's security documents.
Late Payment Charge:	1% per annum on the overdue instalment amount (during the tenure) At a rate not exceeding the prevailing IIMM-rate on the outstanding amount financed (after the tenure)
Prepayment Fee:	No fee will be imposed for prepayment, however 1 month notice is required subject to actual charges and expenses incurred due to the pre payment
Tax:	Where tax is chargeable on any of the above fees and charges, the applicable tax shall be imposed in addition to such fees and charges, and shall be payable.
Monthly service fee	RM10
Early Settlement fee	No fee will be imposed for early settlement, however 1 month notice is required & any reasonable charges and expenses incurred due to the early settlement

The fees and charges mentioned in our schedule of tariff and charges (as may be varied from time to time) are also applicable based on the transaction types mentioned therein. See this link for more information : <https://www.business.hsbc.com.my/en-gb/my/generic/rates-tariff-and-charges>

6. What if I fail to fulfil my obligations?

- Late Payment Charges:

During financing tenure	<p>1% p.a. on the overdue instalment</p> <p>Example: overdue instalment amount in arrears x 1% x n/365</p> <p>(n= number of days overdue)</p> <p>Example: If the customer's overdue instalment amount in arrears is RM100,000 and the number of days overdue is 20 days, the computation of compensation charge is as follows:</p>
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		$RM100,000 \times 1\% \times 20/365 = RM54.79$	
After expiry of financing tenure		<p>At a rate not exceeding the prevailing IIMM-rate on the outstanding amount financed (after the tenure).</p> <p>(IIMM-rate is the daily weighted average overnight rate for Islamic financial instruments quoted in Malaysia's Islamic Interbank Money Market).</p> <p>Example: outstanding principal amount \times IIMM-rate \times n/365</p> <p>(n= number of days overdue)</p> <p>Example: If the customer's overdue instalment amount in arrears is RM100,000; the IIMM rate is 2%; the number of days overdue is 20 days, the computation of compensation charge is as follows:</p> <p>$RM100,000 \times 2\% \times 20/365 = RM109.59$</p>	

- Right to set-off:
 - The Bank have the right to set-off any credit balance in your account(s) maintained with us, at any time with a notice against any outstanding balance in this financing account.
- Right to commence recovery activities:
 - In the event of default, the Bank have the right to commence recovery activities.
- You will provide an undertaking (wa`d) to purchase the leased asset to the Bank and the Bank may seek to enforce your wa`d on the occurrence of the following:
 - (a) an event of default; or
 - (b) breach of any of the terms and conditions specified in the wa`d.
- In such a case, in the event you failed to perform the wa`d, the Bank may proceed to sell the property to any third party where the proceeds of sale shall be applied towards all costs charges and expenses incurred and payments made by the Bank under the provisions of any of the Security Documents and in or towards any unpaid amount accruing and of all other moneys due and remaining unpaid under any of the Security Documents.
 - If there is any surplus after the proceeds of sale have been applied as above, such surplus, if any, shall be paid to you and/or such persons entitled thereto. If there is any deficiency, you shall promptly pay the difference between the amount due and the amount so realised to the Bank

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

- One (1) month's written notice is required to acquire all the Bank's remaining undivided portion of beneficial ownership in the property and making full payment of the total outstanding Facility Amount plus the accrued lease rentals.

8. Do I need any insurance / takaful coverage?

- The Property to be charged to us shall be protected by an insurer/takaful operator acceptable to the Bank. You may let us know of your choice of insurer/takaful operator for verification.

▪ **Blank Field for RMs**

<RM to indicate the type of insurance coverage required e.g. Fire Insurance, MRTA, etc>

Note: Customers are free to obtain service of non-panel takaful operators for takaful coverage for the security charged to the Bank.

9. What are the major risks?

- Lease rental rates may change due to changes in BFR. An increased lease rental rate will result in higher monthly instalments.
- If your business/company has problems meeting your financing obligations, contact us early to discuss payment alternatives.

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

- It is important that the Bank is informed of any change in your/your business/company's contact details to ensure that all correspondences reach you/your business/company in a timely manner.
- Changes in your/your business/company's contact details should be formally submitted in writing and duly authorised by the company's authorised signatories. Please contact your Relationship Manager for further clarification.

11. Where can I get further information?

- If you have any enquiries, please contact your Relationship Manager or visit our website at <https://www.business.hsbcamanah.com.my/en-gb>

12. Where can I get assistance and redress?

- If you have difficulties in making monthly payments, you should contact your dedicated Relationship Manager at the earliest possible instance to discuss payment alternatives.
- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,

Jalan Raja Laut

50350 Kuala Lumpur

Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)

Email: enquiry@akpk.org.my

- If you wish to complain on the products or services provided by us, you may contact us at:

HSBC Amanah Malaysia Berhad

Customer Relations Team

Level 30, Menara IQ, Persiaran TRX

55188 Tun Razak Exchange, Kuala Lumpur.

E-mail: complaints@hsbc.com.my

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

Bank Negara Malaysia

Jalan Dato' Onn

P.O. Box 10922

50929 Kuala Lumpur.

Tel: 1300-88-5465 (1-300-88-LINK)

(Overseas: 603-2174-1717)

Fax: 03-2174 1515

Email: bnmtelelink@bnm.gov.my

Web form: eLINK at <https://telelink.bnm.gov.my/>

Operating Hours: 9.00AM to 5.00PM – Monday to Friday

General Number: 603-26988044 / 2698 9044 / 9179 2888

13. Other facilities/packages available:

- Yes. A separate Cash Line-i option is also available and is capped at 40% of the approved BPS-i facility limit subject to usual credit assessment and approval.
- The Bank also has a wide range of other financing facilities available such as Revolving Financing-i, Commodity Murabahah Financing-i and Trade Facilities. You may also refer to our website at <https://www.business.hsbcamanah.com.my/en-gb> for further details.

IMPORTANT NOTES:

- The facility(ies) may be immediately suspended or terminated and all sums payable on demand in the event the customer default in the payment of any sum due under the facility(ies) whether instalments, lease rental rate or otherwise or is in breach of the terms of the facilities documentation. The business premises may be foreclosed if the customer do not keep up the payments.
- The customer are advised to go through and understand the information in this Product Disclosure Sheet. HSBC Amanah recommends that before the customer make any decision or accepting any of the Bank's terms and conditions for this product (*for example, terms and conditions found in facility offer letter, or the Bank's Generic Terms and Conditions, etc*) the customer should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if the customer are in doubt. Should the customer require any support, kindly reach out to your Relationship Manager or the relevant HSBC Amanah officer. Your subsequent application for the banking service/facility is deemed as having an understanding of the relevant product (and the customer have sought for clarification, if required).
- The Customer hereby acknowledges and agrees that by signing this document (or by signing on the Covering Letter or by way of an email confirmation provided to HSBC/HSBC Amanah), all the terms and conditions of the Product Disclosure Sheet (PDS) have been explained to them and they have read and understood the PDS given.

The information provided in the disclosure sheet is valid as at **<RM to insert>**.

Issued by HSBC Amanah Malaysia Berhad (Company No. 200801006421 (807705-X))

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Name:

Designation:

Company Name:

Date: