

## Application for Processing Non-Recourse Export Trade Transactions

To : Hang Seng Bank Limited, Trade Services, Customer Unit \_\_\_\_\_

Please complete in BLOCK LETTERS and “√” where appropriate. Please submit the full application form including the “Terms and Conditions”.

Date(DD/MM/YY)

### Part A – Customer Instructions

We (the “**Customer**”) refer to our Application for Processing Export Trade Transactions dated \_\_\_\_\_ (DD/MM/YY) (the “**Export Application**”) to you for handling certain export trade documents for us. Terms defined in the Export Application shall have the same meaning when used in this application unless otherwise stated.

We hereby apply to you for:

- your Negotiation / Purchase / Prepayment / Advance under the DC on a **NON-RECOURSE** basis (the “**DC Discounting**”)
- your financing under D/A (the “**D/A Bills**”) by negotiating or purchasing the related bill of exchange (the “**B/E**”) with aval or payment undertaking (“the **Payment Undertaking**”) on a **NON-RECOURSE** basis (the “**B/E Purchasing**”)

If we apply for B/E Purchasing, it would constitute our request to you to negotiate and purchase (i) all our rights, title and interests in and to the B/E drawn on and/or accepted by the Drawee; and (ii) all our rights to receive payment under and in connection with the D/A Bills and the B/E and (if applicable) the relating supporting Payment Undertaking (including, without limitation, the proceeds of the D/A Bills, the B/E and the Payment Undertaking).

Particulars of the DC, the D/A Bills and/or the B/E (as the case may be) are set out below for reference.

Customer Name		Trade Account No.
Name of Contact Person		
Tel. No.		Fax No.
Tenor <input type="checkbox"/> sight / <input type="checkbox"/> _____ days sight / <input type="checkbox"/> _____		
<b>For DC Discounting arrangement:</b>		
DC No.	DC Amount	Bill Amount
DC Applicant		
DC Issued by		(the “ <b>Issuing Bank</b> ”)
<b>For B/E Purchasing arrangement:</b>		
B/E No.	B/E Amount	D/A Bills Amount
Drawee		(the “ <b>Drawee</b> ”)
Aval or Payment Undertaking issued by		(the “ <b>Collecting Bank</b> ”)

- Original DC and all DC amendments or B/E (as the case may be) are attached herewith.
- Original DC and all DC amendments or B/E (as the case may be) are held in your custody.

Other instructions, if any:

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DC No.

B/E No.

**Part B – Proceeds Disposal Details**

Credit Our A/C No.: \_\_\_\_\_ Currency: \_\_\_\_\_  
Use Exchange Contract No. \_\_\_\_\_ to convert proceeds (if applicable)

**Part C – Charges**

Account Number to be debited for all Bank Charges (if applicable)

**Part D – Information of the Third Party Referral**

Is this application referred by a Third Party?  
 No  Yes (Please fill in the particulars of the Third Party below)

Full Name of the Third Party	Contact Telephone No.
Name of Contact Person	Certificate of Incorporation/Business Registration Certificate No.

Amount of fees Charged/to be Charged by the Third Party for Referring this application  
HKD

**Part E – Declaration**

- 1. We confirm that all terms and conditions of the Export Application shall apply to this application as if they were incorporated into this application and any reference to "this application" in the terms and conditions of the Export Application shall include this application.
- 2. We have read and understood the Terms and Conditions of Application for Processing Non-recourse Export Trade Transactions, and we agree to be bound by such terms and conditions.
- 3. We confirm and certify that the information given above in relation to whether or not this application was referred by a third party is true and correct in all respects. In addition, we confirm the particulars of the third party given above and the amount of fees charged or to be charged by the third party (if any) for referring this application to us is true and correct in all respects.

**To borrow or not to borrow? Borrow only if you can repay!**

For Bank Use Only	
Bank Reference	Date
Captured by	Approved by
Remarks	

Authorised Signature(s) and Company Stamp (if applicable)

S.V.

**X**  
Please use signature(s) and stamp (if applicable) filed with the Bank

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## Terms and Conditions

1. In this application, the “**Bank**” or “**you**” means Hang Seng Bank Limited of 83 Des Voeux Road Central, Hong Kong and its successors and assigns and, where the context permits, includes the Bank’s delegate(s) under this application; and “**HSBC Group**” means HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually), and “member of the HSBC Group” has the same meaning.
2. Subject to the terms of this application, the Bank may, at its sole and absolute discretion on a case-by-case basis, and upon the request of the Customer provide the DC Discounting arrangement or the B/E Purchasing arrangement to the Customer on a non-recourse basis by:
  - (a) negotiation (under a negotiation DC), purchase of a draft accepted by the Bank (under an acceptance DC) or prepayment of a deferred payment undertaking incurred by the Bank (under a deferred payment DC) under the DC in accordance with UCP (“**Advance**” under the DC); or
  - (b) negotiation and purchase of (i) all the Customer’s rights, title and interests in and to the B/E drawn on and/or accepted by the Drawee; and (ii) all the rights of the Customer to receive payment under and in connection with the D/A Bills and the B/E and (if applicable) the relating supporting Payment Undertaking (including, without limitation, the proceeds of the D/A Bills, the B/E and the Payment Undertaking) (collectively “**Purchase**”, or “**Purchasing**” the D/A Bills or B/E).

However, nothing herein shall oblige the Bank to provide the requested non-recourse arrangement to the Customer. The Bank will not provide or maintain the non-recourse DC Discounting arrangement or the B/E Purchasing arrangement if any of the provisions herein or of any other document subject to which the Bank makes available the DC Discounting arrangement or the B/E Purchasing arrangement are not observed by the Customer. In this application, the Drawee and the Collecting Bank are known as the “**B/E Obligor**”, the Issuing Bank is known as the “**DC Obligor**”, and the B/E Obligor and the DC Obligor are collectively known as the “**Obligors**”.

3. The term “non-recourse” when used in this application or in connection with the DC Discounting or B/E Purchasing arrangement means that the Bank will have no recourse against the Customer for the Advance under the DC (in the event of non-payment by the DC Obligor) or for its payment to Purchase the D/A Bills and the B/E (in the event of non-payment by the B/E Obligor) (as the case may be), **only if** such non-payment is purely and only due to any one or more of the following situations:-
  - (a) political risk(s) in the country(ies) or territory(ies) of the relevant Obligor, i.e. extraordinary political events which prevent payments or procurement of covers such as acts of war, revolutions, change of government or political system, riots or civil unrest or the like;
  - (b) transfer and economic risk(s) in the country(ies) or territory(ies) of the relevant Obligor, i.e. the inability to effect payments or to effect payments in the currency of the DC or the D/A Bills and the B/E (as the case may be) as a consequence of any foreign exchange control in the country(ies) or territory(ies) of the relevant Obligor or the country or territory of currency of the DC or the D/A Bills and the B/E (as the case may be); and/or
  - (c) credit risk(s) of the relevant Obligor, i.e. the inability to effect payments due to insolvency of the relevant Obligor, such as winding up, dissolution, administration or re-organisation of the relevant Obligor or the appointment of receivers, receivers and managers, liquidators, administrators, custodians, trustees or similar officers of any or all of the assets of the relevant Obligor.

If non-payment by the relevant Obligor is not purely and only due to any one of the situations listed above, the Bank will have full recourse to the Customer for the Advance under the DC or the amount the Bank has paid for Purchasing the D/A Bills or B/E, plus interest.

4. The Bank shall have the right of recourse to the Customer if the Bank does not receive any amount(s) expressed to be payable under the terms of the DC, the D/A Bills, the B/E or the Payment Undertaking (as the case may be) in full when such amount(s) is due (or if there is any delay in payment) for any reason other than those stated in clause 3 above, including but not limited to reasons such as:
  - (a) any commercial or trade disputes about the underlying transaction;
  - (b) any alleged or actual invalidity, non-compliance, forgery, fraud, inaccuracy, falsification, misrepresentation or unenforceability in respect of any of the presented documents (whether arising out of fraud, illegality, unauthorised act or otherwise);
  - (c) any injunction or other court order preventing the relevant Obligor from effecting payment under the DC, the D/A Bills, the B/E or the Payment Undertaking (whether or not subsequently discharged);
  - (d) the Customer’s failure to observe any of the provisions of this application or other terms and conditions imposed by the Bank in providing the DC Discounting arrangement or the B/E Purchasing arrangement;
  - (e) the documents and/or draft(s), if any, required under the DC or the D/A Bills are sent to the relevant Obligor, if any, without going through the Bank; or
  - (f) any anti-money laundering, terrorist financing or sanction laws or regulations that may prohibit such payment, including, without limitation, those economic sanctions issued, administered or enforced by the US Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”), the US Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, and the local authority or enforcement body in the Customer’s jurisdiction having similar function as any of the aforesaid bodies,

and, when the Bank has the right of recourse to the Customer for payment under this clause 4, the Customer will, upon the Bank’s demand, reimburse the Bank in full without set-off for any amount paid to the Customer by the Bank, and for all losses and damages suffered by the Bank as a result of non-payment (or delay in payment), together with interest at the interest rate to be determined by the Bank from time to time from the date on which the Bank pays the relevant amount to the Customer or the date upon which the Bank incurs or suffers such losses or damages, as the case may be. The Customer irrevocably and unconditionally waives in favour of the Bank any requirements of or in connection with notice of dishonour, noting or protesting of any of the documents or instruments. Notwithstanding the right of recourse of the Bank, the Bank shall remain the sole and beneficial owner of the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be) and all associated rights until the Bank has received full reimbursement from the Customer for the DC Discounting arrangement or the B/E Purchasing arrangement (as the case may be).

5. For the DC Discounting arrangement:
  - (a) the Customer shall lodge with the Bank the original DC, all presented documents under the DC and any other relevant operative documents and amendment(s) issued by the Issuing Bank;
  - (b) the Customer confirms that it has not agreed to or rejected and shall not agree to or reject any amendment to the DC without the Bank’s prior written consent; and
  - (c) the Customer agrees that one of the conditions of the DC Discounting arrangement is that the Bank must have received the authenticated advice of acceptance from the Issuing Bank confirming the maturity date of the DC and such acceptance advice must be received by the Bank within 30 days from the relevant shipment date. Any Advance provided by the Bank before or without the Issuing Bank’s acceptance advice is with full recourse to the Customer.

6. For the B/E Purchasing arrangement:
  - (a) the Customer confirms that it is the sole payee of the B/E and it has already specifically endorsed the B/E to the order of Hang Seng Bank Limited;
  - (b) the Customer shall procure the Drawee to accept the D/A Bills and the B/E and procure the Collecting Bank to issue a Payment Undertaking to the Bank in form and substance satisfactory to the Bank; and
  - (c) the Customer agrees that one of the conditions of the B/E Purchasing arrangement is that the Bank must have received the Payment Undertaking (in form and substance satisfactory to the Bank) from the Collecting Bank confirming the Collecting Bank's undertaking to pay the B/E and the D/A Bills amount and such Payment Undertaking must be received by the Bank within 30 days after this application. Any advance or payment made by the Bank for the D/A Bills or the B/E before or without such Payment Undertaking is with full recourse to the Customer.
7. The Customer shall present the relevant documents as mentioned under the DC or the D/A Bills (as the case may be) only through the Bank.
8. If the Customer receives any amount payable under the DC, the D/A Bills or the B/E which relates to any amount the Bank has already paid the Customer, the Customer shall remit it to the Bank promptly and in the meantime hold it on trust for the Bank absolutely.
9. The Customer has not disclosed and will not at any time disclose (save under compulsion of law) the existence of this application or any of its provisions to any other person without the Bank's prior written consent.
10. Without prejudice to the Bank's right to act as a nominated bank under the DC or a holder in due course under the B/E (as the case may be) immediately upon the Bank's Advance or payment to the Customer, the Customer, as the sole legal and beneficial owner, unconditionally and irrevocably transfers and/or assigns and agrees to transfer and/or assign absolutely to the Bank all its rights, title, benefits and interests in, and claims for payment under, the DC (for DC Discounting arrangement) or the D/A Bills and the B/E (for B/E Purchasing arrangement) and all related documents, goods and insurances, including the proceeds of any of the aforementioned, free from all encumbrances, to the effect that the Bank shall be solely and absolutely entitled to such rights, title, benefits, interests and claims to the exclusion of the Customer and the Bank shall also be entitled to make demand or commence legal proceedings against the relevant Obligor in its sole name. The assignment mentioned in this clause 10 is an outright assignment and shall automatically take effect when the Bank makes any Advance or payment to the Customer in relation to the DC or the D/A Bills and the B/E (as the case may be).
11. The Customer agrees to execute any documents (including endorsing any drafts or other instruments) and to take all steps and provide all assistance as the Bank may reasonably request, including, if applicable, the making of demand and taking of legal proceedings in the Customer's name or in the joint names of the Customer and the Bank against the Issuing Bank, the Collecting Bank or the Drawee (as the case may be) or any other relevant person in connection with the DC, the D/A Bills, the B/E, the Payment Undertaking or any related documents, goods and insurances.
12. The Customer has not agreed and will not at any time agree to transfer, assign, create any encumbrance or otherwise deal with any of its rights, title, benefits, interests and claims in or under the DC, the D/A Bills or the B/E (as the case may be) or any related documents, goods or insurances, or in the proceeds of any of the aforementioned, to any person other than the Bank. The Customer shall, upon the request of the Bank, issue notice(s) of assignment to the Issuing Bank or the Drawee (as the case may be) in form and substance satisfactory to the Bank. The Customer shall not take any action which may prejudice the effectiveness of the assignment in clause 10.
13. The Bank may assign any of its rights whether wholly or in part in connection with the DC, the D/A Bills, the B/E or the Payment Undertaking (as the case may be) and/or any amounts expressed to be payable under the terms of the DC, the D/A Bills, the B/E or the Payment Undertaking (as the case may be) without notice to or consent from the Customer.
14. The Customer shall perform its obligations in respect of or in connection with the DC, the D/A Bills and the B/E and shall ensure that all claims under the DC, the D/A Bills or the B/E are made in strict compliance with the provisions of the DC, the D/A Bills or the B/E and the Payment Undertaking.
15. The Customer shall be responsible for all taxes, duties, levies or imposts levied by any applicable tax authority in relation to the DC Discounting arrangement and the B/E Purchasing arrangement.
16. The Customer hereby warrants and represents to the Bank at all times that:
  - (a) the Customer has good and marketable title to all the presented documents and all rights to the proceeds of the DC, the D/A Bills and the B/E free and clear of any security interest prior to the Bank's Advance or payment to the Customer; and it has not drawn or received any amount under the DC, the D/A Bills or the B/E (as the case may be),
  - (b) the Customer has the right and authority to assign (by way of outright assignment) the benefit of the DC, the D/A Bills and/or the B/E (as the case may be), and all amounts expressed to be payable under the terms of the DC, the D/A Bills or the B/E (as the case may be) in the manner set out in clause 10 without the consent of any person,
  - (c) the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be) and all amounts expressed to be payable under the terms of the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be) are valid (in form, substance and all other aspects), fully enforceable and free from all encumbrances, and no compromise, concession, release or waiver has been made in relation to any of them,
  - (d) the Customer is not aware of any dispute on payment between the Customer and any other person in relation to the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be), the proceeds thereof or the underlying transaction or documents which are the subject of the DC or the D/A Bills, and
  - (e) the Customer is not and not deemed to be insolvent or unable to pay its debts as they fall due.

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17. The Customer shall do all other things and observe all conditions necessary to be done or observed in order to preserve the validity and enforceability of the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be), and/or all amounts expressed to be payable under the terms of the DC, the D/A Bills, the B/E and/or the Payment Undertaking (as the case may be), and shall not permit any act, omission or thing which may preclude or hinder the Bank's demand for payment free from all deductions or withholdings.
18. The Customer irrevocably appoints the Bank to be its agent on its behalf and in its name or as the Bank may think fit in the name of the Bank, to execute and deliver and otherwise perfect and do all such agreements, acts and things which:
- (a) the Customer could do in relation to the DC, the D/A Bills, the B/E and/or the Payment Undertaking, or any amounts expressed to be payable under the terms of the DC, the D/A Bills, the B/E and/or the Payment undertaking (as the case may be),
  - (b) the Customer is obliged or may become obliged to do under or pursuant to the terms of the DC Discounting arrangement and the B/E Purchasing arrangement,
  - (c) may be required for, or deemed proper on or in connection with, the full exercise of all or any of the rights conferred on the Bank in connection with the DC, the D/A Bills, the B/E and/or the Payment Undertaking or the giving of full force and effect to the terms and conditions relating to the DC Discounting arrangement and the B/E Purchasing arrangement.
- The Customer ratifies and confirms and agrees to ratify and confirm any agreement, act or thing which the Bank as its agent may lawfully execute, deliver and do.
19. The terms and conditions in this application shall be read together with the terms and conditions in the Export Application, the Trade Financing General Agreement, any other term(s) advised by the Bank from time to time and any other agreement(s) previously signed and delivered to the Bank by the Customer (including the latest facility letter in relation to trade transactions and facilities). In the event that there is any inconsistency between the terms and conditions herein and the terms and conditions stated therein, the terms and conditions herein shall prevail to the extent of inconsistency.
20. No person other than the Bank and the Customer will have any right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong) to enforce or enjoy the benefit of any of the provisions of this application.
21. This application is governed by and shall be construed in accordance with the laws of the Hong Kong Special Administrative Region ("**Hong Kong**") and the Customer agrees to submit to the non-exclusive jurisdiction of the Hong Kong courts.