

Issuance Conditions of Application for Documentary Credit

In consideration of the issuance of the Credit by The Bank of East Asia, Limited (the "Bank"), the applicant of this application (the "Applicant") agrees to the following conditions:

1. This application and the Credit to be issued are subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce as are in effect from time to time ("UCP"), the General Security Agreement Relating to Goods, Agreement and Indemnity Relating to The Opening of Documentary Credits, General Customer Agreement and other agreement(s) previously signed and delivered to the Bank by the Applicant, if any. In case of conflict, terms of this application shall prevail to the extent of conflict.
2. The Applicant agrees that the Bank may, at its sole discretion and without reference to or consent from the Applicant, amend the terms and conditions of the Credit stated in this application and/or insert additional terms and conditions into the Credit as the Bank thinks appropriate. The Bank may, subject to the beneficiary's consent, cancel the whole or any unused balance of the Credit.
3. The Applicant undertakes to pay the Bank any sum in connection with the Credit (including interest, costs, expenses and commissions) upon the Bank's request and irrevocably authorises the Bank to debit the Applicant's account(s) for any such sum at any time the Bank thinks appropriate. Such sum includes interest, costs, expenses, commissions, reimbursement claims from any nominated bank or confirming bank and any payment, prepayment or purchase effected by the Bank in connection with the Credit, all irrespective of any alleged discrepancies in the presented documents and/or any fraud that may be alleged at any time or discovered subsequent to such payment, negotiation, prepayment or purchase by any nominated bank, confirming bank or the Bank.
4. The documents and the goods are pledged to the Bank as security for the Applicant's liabilities and obligations to the Bank but the risks of the goods shall be with the Applicant at all times. The Applicant shall maintain or procure the ultimate buyer to maintain insurance coverage against loss and damage. Any insurance proceeds or sale proceeds payable to the Applicant shall be held by the Applicant in trust for the Bank.
5. All the terms and conditions of the Credit must be identical to that of the master credit detailed overleaf ("Master Credit"), if applicable, except as otherwise provided in this application or agreed by the Bank.
6. The Bank is irrevocably authorised (but is not obliged) to (i) utilize documents presented under the Credit for the drawing of the Master Credit;(ii) negotiate the documents presented, prepay the deferred payment undertaking incurred by the Bank or purchase the draft accepted by the Bank (the "Financing") under the Master Credit; and (iii) directly apply the Financing proceeds to settle the corresponding drawing(s) under the Credit without first crediting such proceeds to the Applicant's account with the Bank, irrespective of discrepancies that may appear on the documents presented under the Credit (all of which, if any, are hereby waived).
7. The Applicant agrees and acknowledges that it is the sole responsibility of the Applicant to (i) ensure clarity, enforceability or effectiveness of any terms or requirements incorporated in the Credit; and (ii) comply with all applicable laws and regulations regarding the underlying transaction to which the Credit relates and obtain all necessary documents and approvals from any governmental or regulatory bodies and produce such documents or approvals to the Bank upon request. The Bank is not responsible for advising and has no duty whatsoever to advise the Applicant on such issues. The Bank shall not be liable to the Applicant for any direct, indirect, special or consequential loss or damage, costs, expenses or other claims for compensation whatsoever which may arise out of such issues.
8. The Applicant undertakes to examine the customer copy of the Credit issued by the Bank and irrevocably agrees that failure to give a notice of objection about the contents of the Credit issued by the Bank within 5 calendar days after the customer copy of the Credit or subsequent amendment(s) is sent to the Applicant shall be deemed to have agreed to the contents of the Credit and waive any rights to raise objections or pursue any remedies against the Bank in respect of the Credit.
9. The Applicant agrees that the Bank is fully entitled to reject any discrepant documents presented under the Credit notwithstanding that the Applicant may have waived such discrepancy.
10. If the Applicant instructs the Bank to permit T/T reimbursement, the Bank is irrevocably authorised to pay and/or reimburse the relevant claiming bank or reimbursing bank upon receipt of a claim from such bank even prior to the Bank's receipt of the presented documents. The Applicant shall bear all the relevant risks (including non-receipt and non-compliance risks of the presented documents) and shall reimburse and indemnify the Bank for any payment made under the Credit.
11. Notwithstanding any instruction(s) stipulated in this application, the Bank may, at its sole discretion, name or instruct any correspondent to be the advising, confirming or nominated bank in respect of the Credit.
12. The Applicant further undertakes that it shall indemnify the Bank and the Bank's delegate(s) on demand (on a full indemnity basis) against all liabilities, losses, payments, damages, demands, claims, expenses and costs (including legal fees), proceedings or actions which the Bank or the Bank's delegate(s) may incur or suffer under or in connection with this application and the Credit.
13. The Applicant undertakes that it will, upon demand by the Bank, provide further security in form and value in the opinion of the Bank sufficient to secure any of the Applicant's liabilities and obligations owing to the Bank.
14. If this application is executed by more than one party, the obligations and liabilities of each of the parties are primary as well as joint and several.
15. No person other than the Applicant or the Bank will have any right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any of the provisions of the terms of this application.
16. This application is governed by and shall be construed in accordance with the laws of Hong Kong SAR.