Agreement for Without Recourse Financing under Documentary Credit

To: Agricultural Bank of China Limited, Hong Kong Branch (the "**Bank**" , which expression shall include its successors, assigns and transferees)

Date: ________________________

We, ____, (the "**Customer**") refer to our Application for Processing Export Transaction dated ______________________________ (the "**Export Application**") to the Bank for processing documents for us under the documentary credit no. ______________________________________ issued by ____ in favour of the Customer (the "**L/C**"). Notwithstanding any contrary provision in the Export Application, we hereby apply for Financing (as defined below) from the Bank on a without recourse basis under the L/C pursuant to the terms and conditions of this Agreement. The drawing amount under the L/C is ____________________________ (the "**L/C Drawing Amount**").

In consideration of your provision of Financing (as defined below) to us at your sole discretion on a without recourse basis under the L/C, we, the Customer named below, hereby agree with the Bank as follows:

1. In this Agreement, "**Financing**" means negotiation (if the L/C is available by negotiation), purchase of a draft accepted by the Bank (if the L/C is available by acceptance) or prepayment of a deferred payment undertaking incurred by the Bank (if the L/C is available by deferred payment) in accordance with the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce to which the L/C is subject (the "**UCP**").

2. The Bank may, at its sole and absolute discretion, extend Financing to us on a without recourse basis and nothing herein shall oblige the Bank to provide Financing to us. The terms of this Agreement shall only apply to the Financing in the specific transaction between us and the Bank referred to in the Export Application.

3. The term "without recourse basis" when used in conjunction with Financing means that except as otherwise provided in Clause 4, the Bank has no recourse against us for the Financing under the L/C in the event of non-payment by the issuing bank (the "**Issuing Bank**") and confirming bank (the "**Confirming Bank**"), if any, of the L/C due to any one or more of the following situations:-

   (a) political risk(s) in the country(ies) of the Issuing Bank and the Confirming Bank (if any), 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) of the Issuing Bank and the Confirming Bank (if any), i.e. the inability to effect payments or to effect payments in the currency of the L/C as a consequence of any foreign exchange control in the country(ies) of the Issuing Bank and the Confirming Bank (if any) or the country of currency of the L/C; and/or
   (c) credit risk(s) of the Issuing Bank and the Confirming Bank (if any), i.e. the inability to effect payments due to insolvency of the Issuing Bank and the Confirming Bank (if any), such as winding up, dissolution, administration or re-organisation of the Issuing Bank and the Confirming Bank (if any) or the appointment of receivers, receivers and managers, liquidators, administrators, custodians, trustees or similar officers of any or all of the assets of the Issuing Bank and the Confirming Bank (if any).

4. The Bank shall have the right of recourse to us if the Bank does not receive any amount(s) expressed to be payable under the terms of the L/C in full when such amount(s) is/are 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, forgery, fraud, inaccuracy, falsification, misrepresentation or unenforceability in respect of any of the presented documents or the underlying transaction (whether arising out of fraud, illegality, unauthorised act or otherwise);

(c) any injunction or other court order preventing the Issuing Bank or Confirming Bank from effecting payment under the L/C (whether or not subsequently discharged); or

(d) our failure to observe any of the provisions of this Agreement or other terms and conditions imposed by the Bank in providing the Financing, including (without limitation) breach of any of the representations or undertakings in this Agreement; the documents and/or draft(s), if any, required under the L/C are sent to the Issuing Bank or the Confirming Bank, if any, without going through the Bank; or

(e) breach of any sanctions law or regulation issued by the United Nations, the European Union, the United States or any law or regulation applicable to the Issuing Bank, the Confirming Bank, the Bank or any other bank in the relevant transaction,

and, when the Bank has the right of recourse to us for payment under this Clause, we will, upon the Bank's demand, reimburse the Bank in full without set-off for any amount paid to us 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 from the payment due date or the date upon which the Bank incurs such losses or damages, as the case may be.

5. Without prejudice to the Bank's rights to act as a nominated bank under the L/C immediately upon the Financing, we irrevocably and unconditionally assign absolutely to the Bank all our present and future rights, title, interests and benefits in and to the receivables and proceeds payable to us under or in connection with the L/C and all related documents, goods and insurances. The aforesaid assignment is an outright assignment and shall automatically take effect with respect to the L/C without further act at the time when the Bank provides Financing to us pursuant to our request and/or application. We shall execute such document(s) and do such act(s) as the Bank may require to perfect such assignment, if necessary. The Bank shall be free at its discretion, to enforce the rights through legal action or otherwise. We agree to execute and deliver any documents (including the endorsement of any draft), and to take, at the Bank's expense, all steps and provide all assistance that the Bank may request in connection with making claims against any party in respect of the L/C, goods and insurances (including, without limitation, to file any claim or take any legal action or initiate or join any proceedings (either in its own name or in the joint names of us and the Bank) against the Issuing Bank, the Confirming Bank (if any) or any other party). The Bank may apply the net proceeds paid under or in connection with the L/C in or towards the discharge of our obligations and liabilities to the Bank in such order and manner as the Bank may determine.

6. We represent and warrant to the Bank that:

(a) the original of the L/C and all amendment(s) to it, if any, have been sent to the Bank, and we have also presented to the Bank all documents required under the L/C for payment of the L/C Drawing Amount;

(b) the L/C (and all amendment(s) we have sent to the Bank) together with our presented documents under the L/C constitute the legal, valid, binding and enforceable obligation of the Issuing Bank or the Confirming Bank (as the case may be) to pay the L/C Drawing Amount to us on the due date of the L/C without set-off or counterclaim or any deduction or withholding for tax or otherwise (the "**Payment Claim**");

(c) the original L/C (and all amendment(s) we have sent to the Bank) and the presented documents under the L/C are authentic and genuine documents and binding on each party to such documents (as the case may be);

(d) we are the sole legal and beneficial owner of the Payment Claim and we have good and marketable title to all the presented documents and all rights to the proceeds of the L/C and the L/C Payment Claim free and clear of any security interest, encumbrance and third party interest prior to the Bank's Financing;

(e) we have not drawn or received any amount under the L/C;

(f) we have the right, title and interest to enforce the Payment Claim and recover the L/C Drawing Amount in full from the Issuing Bank or the Confirming Bank (as the case may be);

(g) the Payment Claim is freely transferable by us to the Bank and we are entitled to, by way of this Agreement and/or by way of the Bank's Financing of the presented documents under the L/C, irrevocably and unconditionally transfer the Payment Claim and/or all our rights under the L/C (and all its amendment(s)) and the presented documents under the L/C to the Bank;

(h) the transfer of our Payment Claim and all our rights under the L/C (and all its amendment(s)) and the presented documents under the L/C to the Bank will take effect no later than the date of the Financing and is legal, valid and enforceable against us and the Issuing Bank or the Confirming Bank (as the case may be) with effect from the date of the Financing; and

(i) we are not in breach of any obligation binding on us under the Payment Claim or the underlying transaction that affects the existence of the Payment Claim on its due date, or the existence of any rights and obligations under the L/C, its amendments or any presented document.

7. We irrevocably warrant and undertake to the Bank that:

(a) we will deliver to the Bank every amendment to the L/C promptly upon receipt of the same;

(b) in addition to sub-paragraph (a) above, we will provide all documents and information in relation to the L/C or the Payment Claim or otherwise provide with the Bank all necessary documents to substantiate or evidence our claim or interests in the L/C or the Payment Claim even after the Bank's Financing until the Bank (or its assignee) has received the L/C Drawing Amount in full from the Issuing Bank or the Confirming Bank (as the case may be);

(c) if we receive any amount payable under the L/C which relates to any amount the Bank has already paid us, to remit it to the Bank promptly and in the meantime hold it on trust for the Bank absolutely; and

(d) we will immediately inform the Bank if we are aware of any event or circumstance relating to the Payment Claim or the L/C that could affect the existence of the Payment Claim on its due date or the existence of any right and obligation under the Payment Claim or the L/C.

8. We irrevocably warrant and undertake to the Bank not to (i) accept or reject any amendment to the L/C without the Bank's prior written consent; or (ii) create or agree to create any security interest or permit any third party interest to subsist over the L/C, the Payment Claim and/or any interest in the proceeds of the L/C.

9. We shall pay all the fees and charges in connection with any transaction contemplated in this Agreement. The Bank is hereby authorised to deduct or debit all the relevant fees, charges and any amount owed by us to the Bank from the proceeds received under the L/C, the Financing proceeds of the L/C and/or any of our account(s) maintained with the Bank. Any monies so debited or otherwise received by the Bank for settlement of any of our obligations and liabilities may, at the Bank's sole discretion, be converted into the currency of the relevant obligation or liability at the prevailing exchange rate determined by the Bank (or any other agreed exchange rate, if any) to effect such settlement.

10. We shall pay for late payment interest, if any, at the Bank's prescribed rate and any shortfall in payment of any amount payable under this Agreement arising from the deduction of charges, commissions, fees, costs or expenses, regardless of any terms and conditions of the L/C stipulating otherwise.

11. We agree that the Bank may disclose and transfer from time to time all information in connection with us, this Agreement, the Payment Claim, the L/C (and its amendment(s)) and the documents presented under the L/C to:

(a) the Bank's holding company or any of its offices, branches, related companies or associates or any subsidiary or associated company of that holding company;

(b) any agent, contractor or third party service provider which provides services of any kind to the Bank in connection with the operation of its business;

(c) any credit reference agencies, and in the event of our default, to any debt collection agencies;

(d) any actual or proposed participant or sub-participant in, or transferee, assignee or novatee of, our or the Bank's rights in relation to the Payment Claim or the L/C; and

(e) any institutions with which we have or propose to have dealings to enable credit checks to be conducted on us.

12. The Bank may at any time assign or transfer all or any of its interests and benefits in the Payment Claim and/or the proceeds under the L/C to any party or entity.

13. This Agreement is governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region ("**Hong Kong**"), and we agree to submit to the non-exclusive jurisdiction of the Hong Kong courts.

14. These terms shall be read together with the terms in the Export Application, 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 us. In the event that there is any inconsistency between the terms herein and the terms and conditions stated therein, the terms herein shall prevail.

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Authorised Signature(s) of the Customer

S.V. VISA