

PAPT – Two Contracts Approach

VERSION A: VENDOR SAME AS VMI BORROWER

Standard clauses for incorporation into the Appointee Bank/Sell-side Contract on a mandatory basis without modification or qualification

Notes:

- (1) *The following standard clauses shall be incorporated into a contract to be entered into between the Appointee Bank (i.e the VMI or the VAM, as the case may be) and the Vendor prior to Dday (the “Appointee Bank/Sell-side Contract”). The Appointee Bank should consider and review the design of its internal procedure to check and confirm whether the standard clauses have been validly and effectively incorporated into the Appointee Bank/Sell-side Contract of each conveyancing transaction.*
- (2) *The Appointee Bank/Sell-side Contract shall be drafted so that it captures the agreement of the Vendor to the standard clauses.*
- (3) *Depending on each Appointee Bank’s review and analysis of its particular set of contract documentation and its processes:*
 - a. *where the Appointee Bank is a VMI, a document that may potentially be used as the base document for incorporation of the standard clauses is the letter of authorisation signed by the Vendor and delivered to the Appointee Bank in respect of the loan of the title deeds pending discharge of the existing mortgage; and*
 - b. *where the Appointee Bank is a VAM, the base document may be the application form that will be submitted by the Vendor to the VAM as an additional page attached with a signature block by the Vendor. If however it is the case for a bank that the application form only constitutes an “invitation to treat” from the Vendor to the VAM and that it will be superseded by subsequent offer document to be issued by the VAM to the Vendor for its acceptance, please ensure that the standard clauses are incorporated in such offer document by the VAM for acceptance (by signature) by the Vendor.*

** Standard clauses for incorporation **

To: [name of the Appointee Bank]

Re: [Address of target property] (the “Property”)

In consideration of the services provided and to be provided by you to us/me in connection with our/my appointment of you to handle the balance of the purchase price received for our/my sale of the Property, we/I hereby agree, acknowledge and confirm that:

1. In respect of the sale and purchase of the Property, we/I hereby elect to adopt the payment arrangements for property transactions in respect of the sale and

purchase transaction, under which the mortgagee bank of the purchaser of the Property is authorised to transfer the net mortgage loan amount to you via the Hong Kong Dollar Clearing House Automated Transfer System or via internal bank transfer (as the case may be) in payment (or in part payment) of the balance of the purchase price.

2. The terms and conditions of the “Terms and Conditions in relation to the operation of PAPT for S&P” as published on the website of the Hong Kong Association of Banks (www.hkab.org.hk/en/useful-information/papt) (the “**T&C**”) form part of the contractual relationship between you and us/me (the “**Appointee Bank/Sell-side Contract**”) and we are bound by the T&C. The applicable version of the T&C shall be the T&C as of the date of the provisional sale and purchase agreement (or in the absence of a provisional sale and purchase agreement, the formal sale and purchase agreement) that has been entered into between me and the purchaser of the Property.
3. The Appointee Bank/Sell-side Contract shall be governed by the laws of Hong Kong. The parties irrevocably agree that the courts in Hong Kong shall have exclusive jurisdiction to settle any dispute or claim (whether contractual or non-contractual) arising out of or in connection with the Appointee Bank/Sell-side Contract.

SIGNED by the Vendor: _____)

Name: _____)

In the presence of:- _____)

Solicitor, Hong Kong _____)

VERSION B: WITH THIRD PARTY VMI BORROWER

Standard clauses for incorporation into the Appointee Bank/Sell-side Contract on a mandatory basis without modification or qualification

Notes:

- (1) *The following standard clauses shall be incorporated into a contract to be entered into between the Appointee Bank (i.e the VMI or the VAM, as the case may be) and the Vendor prior to Dday (the “Appointee Bank/Sell-side Contract”). The Appointee Bank should consider and review the design of its internal procedure to check and confirm whether the standard clauses have been validly and effectively incorporated into the Appointee Bank/Sell-side Contract of each conveyancing transaction.*
- (2) *The Appointee Bank/Sell-side Contract shall be drafted so that it captures the agreement of the Vendor to the standard clauses.*
- (3) *Depending on each Appointee Bank’s review and analysis of its particular set of contract documentation and its processes:*
 - a. *where the Appointee Bank is a VMI, a document that may potentially be used as the base document for incorporation of the standard clauses is the letter of authorisation signed by the Vendor and delivered to the Appointee Bank in respect of the loan of the title deeds pending discharge of the existing mortgage; and*
 - b. *where the Appointee Bank is a VAM, the base document may be the application form that will be submitted by the Vendor to the VAM as an additional page attached with a signature block by the Vendor. If however it is the case for a bank that the application form only constitutes an “invitation to treat” from the Vendor to the VAM and that it will be superseded by subsequent offer document to be issued by the VAM to the Vendor for its acceptance, please ensure that the standard clauses are incorporated in such offer document by the VAM for acceptance (by signature) by the Vendor.*

** Standard clauses for incorporation **

To: [name of the Appointee Bank]

Re: [Address of target property] (the “Property”)

In consideration of the services provided and to be provided by you to us, the Vendor and the VMI Borrower (whose names are set out below), in connection with our appointment of you to handle the balance of the purchase price received for the Vendor’s sale of the Property, we hereby agree, acknowledge and confirm that:

1. In respect of the sale and purchase of the Property, we hereby elect to adopt the payment arrangements for property transactions in respect of the sale and purchase transaction, under which the mortgagee bank of the purchaser of the Property is authorised to transfer the net mortgage loan amount to you via the

Hong Kong Dollar Clearing House Automated Transfer System or via internal bank transfer (as the case may be) in payment (or in part payment) of the balance of the purchase price.

2. The terms and conditions of the “Terms and Conditions in relation to the operation of PAPT for S&P”] as published on the website of the Hong Kong Association of Banks (www.hkab.org.hk/en/useful-information/papt) (the “**T&C**”) form part of the contractual relationship between you and us (the “**Appointee Bank/Sell-side Contract**”) and we are bound by the T&C. The applicable version of the T&C shall be the T&C as of the date of the provisional sale and purchase agreement (or in the absence of a provisional sale and purchase agreement, the formal sale and purchase agreement) that has been entered into between the Vendor and the purchaser of the Property.
3. The Appointee Bank/Sell-side Contract shall be governed by the laws of Hong Kong. The parties irrevocably agree that the courts in Hong Kong shall have exclusive jurisdiction to settle any dispute or claim (whether contractual or non-contractual) arising out of or in connection with the Appointee Bank/Sell-side Contract.

SIGNED by the Vendor: _____)

Name: _____)

In the presence of:- _____)

Solicitor, Hong Kong _____)

SIGNED by the VMI Borrower: _____)

Name: _____)

In the presence of:- _____)

Solicitor, Hong Kong _____)