

HSBC WEALTH PORTFOLIO LENDING FACILITY

Terms and Conditions

The Hongkong and Shanghai Banking
Corporation Limited

Contents

1. Welcome	3
1.1 Key	4
1.2 Our Agreement	4
1.3 Summary of Product	5
2. How your Loan works	7
2.1 Accessing your Loan	7
2.2 Security for your Portfolio Loan	7
2.3 How much can you borrow?	8
2.4 Keep track of your Loan and assets	10
2.5 How to keep track of what you owe	14
2.6 Where you hold assets or take Loans in different currencies	14
2.7 Interest, fees and other costs	15
2.8 Repayment and reborrowing	15
3. Other important information	17
3.1 We can make changes	17
3.2 How do we communicate?	18
3.3 Ending this Agreement	19
3.4 What law governs this Agreement and whose courts will decide any dispute?	21

1. Welcome

We're so glad you're here. This is the legally binding contract between you and us. It records the promises we make to each other about the Wealth Portfolio Lending facility. We'll call it our 'Agreement'.

This is an important document. You should read it with the Wealth Portfolio Product Lending Fact Sheet and documents outlined below. They explain the key features and risks of the Portfolio Loan. Please read them carefully. You should ensure the product meets your requirements.

When we talk about 'we', 'us', or 'HSBC' in this contract, we mean The Hongkong and Shanghai Banking Corporation Limited.

When we talk about 'you' or 'your', we mean the main applicant and any joint applicants listed in the Application Form.







Our Agreement starts when we approve your Wealth Portfolio Lending Application and you receive our Facility Letter. It will continue until we stop providing the facility or you inform us you no longer want the facility. We can review our decision to provide you with the Portfolio Loan at any time.

Unless we say otherwise in this Agreement, any terms we use have the same meaning as defined in the:

- ◆ HSBC Integrated Account Terms and Conditions; and
- ◆ HSBC Securities Account Terms and Conditions (where applicable).

1.1 Key

In this agreement, these icons mean:

 Things you need to do	 Look closer	 Be aware
 Things you can't do	 Additional information to help you	 Things you need to do that are time sensitive

1.2 Our Agreement

Our Agreement is made of the documents below. They explain how our relationship will work.

Your Terms and Conditions for Wealth Portfolio Lending Facility	This Agreement	You're reading this now
Wealth Portfolio Lending Application Form	Sets out key information about your application.	You submitted this to us
Integrated Account Terms and Conditions	Sets out the terms that apply to your investment account held with us.	Find these on our website
Facility Letter	Sets out key information about your Portfolio Loan including: <ul style="list-style-type: none">◆ Confirmation we'll grant you the Portfolio Loan;◆ Your Loan Account;◆ Your Credit Limit;◆ The annual interest rate; and◆ The date you may start drawing down the Portfolio Loan.	We'll send this to you

1.3 Summary of Product

Loan	<p>This is a secured revolving credit facility ("Portfolio Loan") for an agreed amount. You can drawdown all or part of the Portfolio Loan. You can also redraw amounts you've repaid.</p>	Clause 2.8
	<p>You'll grant us security over all monies and investment products you hold with us. The amount secured is the greater of your Credit Limit or any outstanding Portfolio Loan.</p>	Sections 2.2
	<p>We'll set your Credit Limit. We'll do this at least daily. This means it could rise or fall steeply in a short time.</p>	Section 2.4
	<p>We'll charge you interest, fees and other costs.</p>	Clause 2.8
Security	<p>You'll need to keep enough Eligible Assets in your investment account to secure your Portfolio Loan. You'll need to ensure your Net Margin Ratio is 100% or more at all times.</p>	Clause 2.2 and 2.5
	<p>If your Credit Limit falls below your outstanding Portfolio Loan value, we may need to make a Margin Call. A Margin Call is when we give you notice because your Net Margin Ratio is less than 100% (or any other percentages we tell you). This notice means you must restore the margin ratio to 100% or more. We'll tell you how much time you'll have to do this. If the value of your assets continues to fall we can:</p> <ul style="list-style-type: none">◆ Ask you to do this straight away; or◆ Take steps to sell your Secured Assets.	

	<p>A Margin Call can be met by a deposit of additional funds or Eligible Assets within 5 business days of us making a Margin Call. If we exercise our rights to sell your Secured Assets, you will be responsible for any shortfall and we can also tell you to repay the Portfolio Loan.</p> <p>We may also sell your Secured Assets in certain situations to repay what you owe.</p> <p>We can ask you to repay the Portfolio Loan at any time.</p>
Changes	We may need to make changes this Agreement. We'll let you know when we do this. Clause 3.1

2. How your Portfolio Loan works

2.1 Accessing your Loan

We'll tell you the date you can draw down your Portfolio Loan in your Facility Letter.

You can access your Portfolio Loan in the account you selected in your Application Form. We'll call this your "Loan Account".

2.2 Security for your Loan

Eligible Assets	You'll charge, pledge and assign the Eligible Assets to us in return for the Portfolio Loan. We can use any of your Secured Assets to pay any overdue amounts. This includes your Portfolio Loan and any other amounts owed to us under this Agreement.
Secured Assets	<p>We have an interest in the Secured Assets for any shortfall or other amounts you owe us.</p> <p>The Secured Assets include:</p> <ul style="list-style-type: none">◆ All monies held with us, including in your Loan Account;◆ All Eligible Assets (any investment products you hold with us); and◆ Any other assets and property you hold in any investment account with us. <p>We'll have interests in your Secured Assets for as long as we provide financing to you. This includes any interest, fees and costs.</p>

🔍 If you applied for the Portfolio Loan through a joint account, all monies and investment products held on the joint account are Secured Assets.

📖 There is more detail on Secured Assets and Secured Indebtedness in section 4 of the Integrated Account Terms and Conditions.

⊗ You must not:

- ◆ Let the value of your Portfolio Loan Account and Eligible Assets drop below the amount we require to secure your Portfolio Loan (your up-to date Credit Limit can be checked through internet banking);
- ◆ Withdraw, sell or dispose of the Eligible Assets from your investment account or transfer your Eligible Assets out of your investment account; or
- ◆ Allow anyone else to have any interest in your Secured Assets.

🗨 We can ask you to pay all Secured Indebtedness on demand. We can sell your Secured Assets if you don't do this. We'll only sell your Secured Assets as set out in this Agreement and your other account terms and conditions.

Our security over your Secured Assets won't be affected by any circumstances including:

- ◆ Your death, bankruptcy or incapacity; or
- ◆ Repayment of money you owe.

Consolidation

To the extent permitted by law:

- ◆ We may ask you to repay all loans you have with us if you want to repay one of them. This is known as our "right of consolidation"; and
- ◆ Any restriction on our right of consolidation does not apply to the security created by this section 2.2.

2.3 How much can you borrow?

Your Credit Limit

You can borrow funds up to your Credit Limit as stated in your Facility Letter.

You can apply to change your Credit Limit by asking us. We'll tell you if we agree.

- ✔ We may need to change your Credit Limit from time to time. There are many reasons why we may need to make a change. Many are beyond our control. The most common reasons are we:
- ◻
 - ◆ Have changed our credit risk appetite and policies towards credit and financial risks;
 - ◆ Believe that market conditions will cause you to be exposed to unacceptable risks or heavy losses if we don't make the change;
 - ◆ Determine that your credit worthiness has deteriorated; or
 - ◆ Are required to by law to do so.

Rest assured that when we make changes we act reasonably and as a careful and responsible lender.

Your Credit Limit and your margin status will be updated at least daily. You can find your most up-to-date Credit Limit in your account statement or by using internet banking.

How we decide your Credit Limit

We set your Credit Limit by considering:

- ◆ The Advance Ratio that we assign to each of your Eligible Assets;
- ◆ Our internal risk assessment criteria; and
- ◆ Your knowledge and experience of Wealth Portfolio lending.

Advance Ratio

The Advance Ratio is expressed as a percentage and applies to the market value of each Eligible Asset.

Your Credit Limit and the Net Margin Ratio will change on a daily basis depending on the value of your collateral and your cash or Portfolio Loan position when any of the following happen:

- ◆ The market value of any Eligible Asset changes;
 - ◆ We change the Advance Ratio applicable to any Eligible Asset (see below);
 - ◆ We change the list of Eligible Assets which means some of your assets no longer qualify;
 - ◆ You add additional Eligible Assets to your investment account or any Eligible Assets are no longer in your investment account; or
-

	<ul style="list-style-type: none"> ◆ You deposit cash into or withdraw cash from your Portfolio Loan Account.
Net Margin Ratio	<p>This is the ratio of the available margin to the required margin expressed as a percentage.</p> <p>○ It determines your margin status and ensures there's an appropriate margin or difference between:</p> <ul style="list-style-type: none"> ◆ Your Aggregate Collateral Value; and the ◆ Total amount you owe us under your Portfolio Loan, to cover market volatility and losses if you don't take appropriate action in case of shortfall or if you don't pay us what you owe us. <p>The Wealth Portfolio Lending Factsheet contains descriptions and examples of how we work out the Net Margin Ratio.</p> <p>⚠ Your Net Margin Ratio must not go below 100% (or any other percentage we tell you).</p>
Collateral Value	<p>The Collateral Value is the maximum credit amount you can borrow against an Eligible Asset, determined by multiplying the market value (MV) of an Eligible Asset by the applicable Advance Ratio.</p> <p>Collateral Value = MV of an Eligible Asset x Advance Ratio.</p> <p>Collateral Value is calculated for each Eligible Asset and this is used to determine your Aggregate Collateral Value.</p>

2.4 Keep track of your Portfolio Loan and assets

- ☑ You'll need to monitor your Portfolio Loan to ensure its secured by sufficient collateral. You'll ensure at all times that:
- ◆ You don't owe us more than your Credit Limit, and
 - ◆ The Net Margin Ratio is equal to or more than 100% (or any other percentage we have advised you of).

If you don't do this, then you may be sent one of the notices below. You must take relevant action in the required timeframe. If you don't we can exercise our rights. We don't always have to tell you before we take steps to remedy the shortfall. This is why you should monitor your Portfolio Loan carefully. We can reject purchase orders if we are concerned about your Net Margin Ratio or you have failed to respond promptly to our notices.

We'll send all notices to your mobile phone, so you'll need to check it regularly.

Net Margin Ratio***	Notices**	Days to satisfy the notice****	What you must do	Our rights
80% to <100%*	Shortfall (discretionary notice)	60 days	<p>You can satisfy a Shortfall by:</p> <ul style="list-style-type: none"> ◆ Making available additional funds to either be applied to reduce the Portfolio Loan outstanding; ◆ Providing additional Eligible Assets to increase your Credit Limit; or ◆ Providing instructions for a full or partial sale of Eligible Assets. 	We will not make the Portfolio Loan available to you for further drawings.
60% to <80%*	Margin Call#	5 business days	<p>You can satisfy a Margin Call by:</p> <ul style="list-style-type: none"> ◆ Making available additional funds to either be applied to reduce the Portfolio Loan outstanding; ◆ Providing additional Eligible Assets to increase your Credit Limit; or 	If you don't do this, we can sell your Secured Assets and apply those funds or funds in your Loan Account and any other accounts towards repayment of your Portfolio Loan. We'll do this so:

-
- ◆ Providing instructions for a full or partial sale of Secured Assets.
 - ◆ Your Net Margin Ratio is equal to or more than 100%;
 - ◆ You don't owe us more than your Credit Limit.

If your NMR drops to or below 60% during your notice period, then we will force liquidate your Secured Assets to remedy the shortfall.

We can also suspend or terminate your Portfolio Loan.

If any shortfall remains, you'll need to pay us. We may take legal action to recover any amounts you owe us and relevant costs and fees of doing so.

Below 60%	Forced Liquidatio n#	We don't have to give you notice	We can force liquidate your investment holdings.	We can sell any of your Secured Assets and use the proceeds of the sale or funds in any of your accounts towards repayment of your Portfolio Loan. We'll apply these funds so that: <ul style="list-style-type: none">◆ Your Net Margin Ratio is then equal to or more than 100% (or any other percentage we advise you of); and◆ You don't owe us more than your Credit Limit
--------------	----------------------------	---	---	---

We can also suspend
or terminate your
Portfolio Loan.

If any shortfall remains,
you'll need to pay us.
We may take legal
action to recover any
amounts you owe us
and relevant costs and
fees of doing so.

*Or Outstanding Portfolio Loan exceeds your Credit Limit.

** We can give you a written notification (text message or email) or phone call to the last phone number you gave us in writing. If this happens, we'll tell you to take steps to maintain your NMR to 100% or more and ensure what you owe us does not exceed your Credit Limit.

*** Or any other percentage we tell you.

**** You must take appropriate action with this number of days from the date of the Notice.

#We may give you a Margin Call notice but we don't have to. We can liquidate all or part of your Secured Assets to rectify the margin position even if no Margin Call notices have been sent to you.

We may also need to sell your Secured Assets and use the proceeds of the sale or use funds in any of your accounts toward repayment of your Portfolio Loan if:

- ◆ We reasonably believe that market conditions will cause you or us to be exposed to unacceptable risks or heavy losses, including unstable, unfavourable and abnormal market conditions; or
- ◆ We end this Agreement and you don't repay your Portfolio Loan and all other amounts owed under these terms within the period we tell you to.

We'll try to tell you before we do this, but we don't have to.

2.5 How to keep track of what you owe

You can find information about your Portfolio Loan, including your Credit Limit by:

- ◆ Using internet banking;
- ◆ Asking your relationship manager; or
- ◆ Checking your statements.

Information about your Portfolio Loan is updated at least daily.

You can also find more general information about applicable Advance Ratios and the list of Eligible Assets on our website: <https://www.hsbc.com.hk/wpl/>

2.6 Where you hold assets or take Portfolio Loans in different currencies

Your Secured Assets and your Portfolio Loan might be in different currencies. When we perform any calculations under our Agreement, we'll use our published exchange rates.

If we need to sell any of your Eligible or Secured Assets and they're in a currency different from your Portfolio Loan, then we may convert the proceeds of the sale into the currency of the Portfolio Loan. We'll then apply this amount in repayment of your Portfolio Loan.

We'll convert currency at our prevailing exchange rate at the time of conversion. Any exchange rate provided by us at any other time may differ from the rate at which we effect the conversion and is for reference only.

2.7 Interest, fees and other costs

We'll tell you the interest rate we will charge you and any fees you must pay in our Facility Letter.

Your annual interest rate is our Best Lending Rate minus the percentage stated in your Facility Letter. Our Best Lending Rate is a variable rate we set and is available on our public website (www.hsbc.com.hk).

We'll work out interest daily (based on a 365 day year, or 366 in a leap year). We deduct interest from your Portfolio Loan Account on the 28th of each month, or the next business day if that date is a Saturday, Sunday or public holiday in Hong Kong.

You will be responsible for paying the costs of any sale or transfer any of your Secured Assets (see section 2.2 above).

2.8 Repayment and reborrowing



What you owe us at any time is made up of any outstanding:

- ◆ Amount of Portfolio Loan you have drawn down;
- ◆ Interest; and
- ◆ Fees, charges, costs and/or expenses that arise for your Portfolio Loan.



You may repay all or part of your Portfolio Loan, and any other amounts due, such as interest and fees, at any time by transferring money to your Loan Account or by selling any Eligible Asset.

Any money transferred to your Loan Account will be used towards repaying what you owe us unless you tell us otherwise in advance.

We'll apply the proceeds of the sale of any Eligible Asset towards repayment of your Portfolio Loan including the related fees and costs which we incur in selling your Eligible Asset(s).



You can draw down on your Portfolio Loan after any repayment, so long as:

-
- ◆ You don't borrow more than your Credit Limit; and
 - ◆ Your Net Margin Ratio is at least 100% (or any other percentage we tell you).

Remember that you need to keep track of what you owe us and make sure you have enough collateral in your accounts to secure your Portfolio Loan.

3. Other important information

3.1 We can make changes

We live in a rapidly changing world. Sometimes this means we need to make changes to our Agreement or to our rates of interest. We can't predict all the reasons why we may need to make a change, but the most common reasons include:

- ◆ Laws or regulations change;
- ◆ Our business, technology, services or facilities change;
- ◆ There are decisions we must follow (e.g. court decisions), industry guidelines or codes of practice; or
- ◆ To cover the increased cost to us of offering a product or service.

If we change our interest rate, we'll apply the change to your interest rate within one day. This will be shown on your next statement.



We'll give you at least 30 days' notice if we change the basis on which fees are charged or other material terms of this Agreement.

We can choose how we give you notice. This could include:

- ◆ publishing the changes on our public website (www.hsbc.com.hk/);
- ◆ Mail;
- ◆ email; or
- ◆ SMS.

The changes will be effective from the date specified in the notice.

Changes to Eligible Assets and Advance Ratios

We can change the list of Eligible Assets and the Advance Ratios that apply to the Eligible Assets at any time with immediate effect. There are many reasons why we may need to make a change. Many are beyond our control. Rest assured that when we make changes we act reasonably and as a careful and responsible lender. The most common reasons are:

- ◆ We reasonably believe that the quality of some types of Eligible Assets will deteriorate;
- ◆ We change our credit risk appetite and policies towards credit and financial risks'
- ◆ We reasonably believe market conditions will expose you to unacceptable risks or heavy losses if we don't make the change;
- ◆ To make sure your Eligible Assets cover the amount you owe us if you're unable to pay us;
- ◆ We're required to by law or regulation to do so.

You can find information about applicable Advance Ratios and the list of Eligible Assets on our public website: (<https://www.hsbc.com.hk/wpl/>).

3.2 How do we communicate?

How do you contact us?

Please contact us on our dedicated service line at 2233 3033.

How do we contact you?

We may need to contact you from time to time, for example to tell you about changes we make or to give you a margin status notification update or a Margin Call. We'll contact you in one of the following ways:








SMS

We'll use this most of the time. We consider you've received the SMS immediately after we sent it. We'll send it to the last mobile number you gave us in writing (including via app or digital journey). If we do send you an SMS it's likely you'll need to respond quickly. It's a good idea to check your phone regularly to make sure you don't miss any important messages from us.




Phone

We only use this in certain circumstances. We'll consider you've received our message immediately after we tell you on a call or when we leave a voicemail. We'll call you on the last mobile number you gave us in writing.

	Personal Internet Banking	We'll deliver a message to you through Personal Internet Banking. We consider you've received the message immediately after we sent it.
	Email	We'll use this most of the time. We consider that you've received the email immediately. We'll use the last email address you gave us in writing.
	Website	We may publish some information on our webpage (www.hsbc.com.hk/); or any digital platform. We'll consider you've received it immediately.
	Personal delivery	We'll only use this when we need to. We'll consider mail has been delivered at the time of personal delivery or immediately after leaving it at the address you last gave us in writing.
	Prepaid post	We'll only use this when we need to. We'll consider it received 48 hours after sending it to the address you last gave us in writing, if that address is in Hong Kong. We'll consider it received 7 days after posting if the address is outside of Hong Kong.

3.3 Ending this Agreement

 We may end this Agreement by writing to you at least 30 days in advance but we can ask for your Portfolio Loan to be repaid on demand. We can only do this if we reasonably believe that we should not continue to provide you with the Portfolio Loan. This usually includes when this Agreement changes in a way that isn't acceptable to you, or you inform us you no longer require the Portfolio Loan. It can also include any unsatisfactory conduct we detect during our annual credit review



We may end or suspend our Agreement immediately without telling you first if:

- ◆ You don't comply with this Agreement;
- ◆ You owe us more than Credit Limit;
- ◆ Your Net Margin Ratio drops to or below:
 - ◆ 80% (or any other percentage we tell you) and you didn't correct this within the time we gave you; or
 - ◆ 60% (or any other percentage we tell you).
- ◆ We reasonably believe that you or we will be exposed to a larger risk than we expected because of market conditions if we don't end our Agreement with you;

-
- ◆ You close your investment account with us;
 - ◆ You gave us information which was or has become false, incorrect or misleading;
 - ◆ You're declared bankrupt or have similar proceedings brought against you;
 - ◆ You pass away or you no longer have legal capacity to make decisions;
 - ◆ We reasonably suspect there could be fraudulent, illegal, unauthorized or criminal activities in relation to you or your accounts with us;
 - ◆ You've put us in a position where we or another HSBC group member could be acting outside a law, regulation, court order or an agreement with or guidance from a government, regulator or law enforcement agency;
 - ◆ We reasonably believe that if we don't end this Agreement it could expose us or another HSBC group member to action or censure from any government, regulator or law enforcement agency; or
 - ◆ We believe it's important as part of our fight against financial crime.

If we suspend your Portfolio Loan, you immediately won't be able to draw down any available amount on your Portfolio Loan until further notice.



We won't be responsible for any losses this may cause you.

What happens if our Agreement ends?

You won't be entitled to draw down any amount under the Portfolio Loan from the earlier of the date of the notice or the effective date of termination.



You must pay us everything that you owe us by the date we tell you. Your obligation to repay your Portfolio Loan and pay us everything else you owe, including interest and fees, will continue until you repay in full.



We can use money from your accounts and any amount we receive from the sale of your Secured Assets to pay towards the amount you owe us.

We will take these steps in a reasonable order. You still need to pay us any shortfall that may remain after these steps. We may take any legal action to recover any shortfall and you may be responsible for our costs of doing so.

We'll try to give you a Margin Call notice, but we don't need to do so. We can liquidate all or part of your Secured Assets to rectify the margin position even if we haven't sent you a Margin Call notice.



Remember to monitor your Portfolio Loan and ensure it's secured by adequate Eligible Assets.



We'll apply the sale proceeds of any of your and Secured Assets to the amounts you owe in this order:

1. The amount you owe us (including principal, interest, fees, costs and expenses) under this Agreement;
2. Fees, charges, costs and expenses which we incurred in selling your Secured Assets.

3.4 What law governs this Agreement and whose courts will decide any dispute?

This Agreement, and everything that happens in relation to this Agreement before it is made, are governed by the laws, and subject to the non-exclusive jurisdiction of the courts, of Hong Kong S.A.R.