

Debenture Information Sheet – Third Tranche

1. Victoria Shanghai Education Foundation Limited (the “**Foundation**”) is a private co-educational institution which receives no regular funding or grants from the Hong Kong Government. Victoria Shanghai Academy is sponsored and operated by the Foundation. In order to meet the long-term financial commitments of the Foundation, a debenture program was introduced in March 2013 to raise capital for funding various long-term projects for improving and enhancing its state-of-the-art facilities and equipment.
2. The Foundation intends to issue additional Corporate Debentures each with a face value of HK\$3,500,000 as further tranche under the said debenture program in order to raise further capital to meet the funding requirements of the Foundation. The exact number of Corporate Debentures to be issued under this third tranche will be subject to the final determination of the Foundation.
3. Applications for the Corporate Debentures and for places at the school operated by the Foundation (the “**School**”) for children nominated by the holders of the Corporate Debentures (the “**CD Holders**”, and each a “**CD Holder**”) will be processed in the order in which they are received at the general office of the Foundation stated on the application forms. Only one corporation can be the CD Holder.
4. A CD Holder will be entitled to nominate ONE child to ANY Year of the School at any one time. The nominee shall be a son, daughter, adopted son or adopted daughter of a director or an employee of the CD Holder. The original birth certificate or other official birth and/or adoption record, the employment or appointment letter, contract or agreement and/or other evidence as may be required by the Foundation from time to time must be provided to the Foundation to prove the relationship between the applicant for a Corporate Debenture or the CD Holder (as applicable) and the relevant director or employee and relationship between the relevant director or employee and the nominated child. Other documents including but not limited to the certificate of incorporation, the registers of shareholders and directors, the latest audited or management accounts (if

applicable), the documents filed with any official companies registry and/or other documents relating to the corporation as may be required by the Foundation must also be provided to the Foundation in respect of its application for a Corporate Debenture.

5. The entitlement of the CD Holder to nominate any child, the admission of that child to the School and the entitlement for that child to complete his/her education at the School is subject to the terms and conditions of the relevant Corporate Debenture, to payment throughout the period of the child's attendance thereat of the School's fees and charges prevailing from time to time and to the child's attainment throughout of the School's required academic and moral standards.
6. The child nominated under a Corporate Debenture will be given additional opportunities for reassessment, and priority, for admission to ANY Year class of the School. The child nominated under the Corporate Debenture for admission to Year One class of the School will not have a higher priority over the child nominated under an Individual Debenture. A Corporate Debenture does not guarantee the admission of the nominated child to the School and any admission will be subject to the satisfaction of the admission criteria as determined by the Foundation from time to time, the availability of a place in the relevant Year class and the discretion of the Foundation whose determination shall be final, conclusive and binding. First priority of admission to the Year One class of the School will be given to the nominees of the Individual Debentures and the Corporate Debentures (if it is chosen by the CD Holders) or to any other Year class chosen by the CD Holders, and second priority will given to the children of the staff of the Foundation and the siblings of the existing students of the School irrespective of whether the existing students have been accepted for admission to the School under any Debentures. Save as provided in paragraph 9(c) below, the nominated child under the Corporate Debenture may at any time be replaced with or substituted by another child with the prior written approval of the Foundation (whose approval is at the sole and absolute discretion of the Foundation and shall be final, conclusive and binding). Upon replacement or substitution of another child, the original nominated child shall not be entitled to continue his or her study at the School. For the avoidance of doubt, if a child enters the School through nomination under a Corporate Debenture, or is on the waiting list and is

nominated against a Corporate Debenture, that child must continue to be nominated against that Corporate Debenture for so long as he or she continues his or her study at the School.

7. All Corporate Debentures are non-interest bearing and unsecured. Each Corporate Debenture is redeemable at its principal amount at the sole and absolute discretion of the Foundation. The CD Holder is not entitled to demand or otherwise call in or compel repayment of its Corporate Debenture. All Corporate Debentures issued and outstanding from time to time are payable *pari passu* and rank equally without preference or priority over each other.
8. Without prejudice to the Foundation's right to redeem the Corporate Debenture as provided in the terms and conditions set out in the certificate of the Corporate Debenture, the Foundation may, but is not obliged to, repay the Corporate Debenture at its principal amount less any outstanding school fees and charges, expenses and costs incurred by the nominated child (if any) if there is any breach of any term or condition of the Corporate Debenture by the CD Holder.
9. (a) Subject to the prior written approval of the Foundation (whose approval is at the sole and absolute discretion of the Foundation and shall be final, conclusive and binding) and the payment to the Foundation of a transfer fee (the "**Transfer Fee**") equivalent to :-
 - (i) fifty (50) percent of the difference between (1) in case of the first transfer, the principal amount of the Corporate Debenture and the price payable by the transferee to the transferor under the proposed transfer; and (2) in case of any subsequent transfer, the price paid by the CD Holder to acquire the Corporate Debenture and the price payable by the transferee to the transferor under the proposed transfer; or
 - (ii) twenty (20) percent of the principal amount of the Corporate Debenture under the proposed transfer,

whichever is the higher amount, the CD Holder may transfer its Corporate Debenture. In the event that the price paid by the CD Holder to acquire the Corporate Debenture is higher than the price

payable by the transferee to the transferor under the proposed transfer, the Transfer Fee payable to the Foundation shall be twenty (20) percent of the principal amount of the Corporate Debenture. Any transfer of a Corporate Debenture pursuant to this sub-paragraph (a) shall only be effected one (1) year after the date of issuance of such Corporate Debenture.

- (b) If the Foundation disapproves the transfer, the Foundation may, but is not obliged to, redeem the relevant Corporate Debenture. No transfer of a Corporate Debenture shall be effected by the Foundation unless and until the Transfer Fee has been received in full by the Foundation and all outstanding school fees and charges, expenses and costs due and owing to the Foundation and the School have been fully paid. Upon the transfer of a Corporate Debenture, all the rights of the CD Holder under such Corporate Debenture shall cease immediately and the nominated child shall not be entitled to continue his or her study at the School.
- (c) The CD Holder shall promptly notify the Foundation in writing of any proposed change of the legal and/or beneficial interest in its shares and provide the Foundation with all documents in connection with such proposed change, failing which it shall constitute a breach of the terms of the Corporate Debenture and the Foundation is fully entitled to take any action as it may consider appropriate in respect of such breach, including but not limited to the disapproval of the replacement or substitution of another child by the Foundation and the suspension of the right of the nominated child to attend the School. If any proposed change or change of the legal and/or beneficial interest in the shares of the CD Holder gives rise to a replacement or substitution of another child, such replacement or substitution shall only be made subject to the approval of the Foundation (whose approval is at the sole and absolute discretion of the Foundation and shall be final, conclusive and binding) and to such other terms and conditions as the Foundation may at its absolute discretion determine, including but not limited to the payment of a replacement or substitution levy equivalent to the higher amount of (a) thirty (30) percent of the principal amount of the Corporate Debenture; or (b) the highest Transfer Fee paid to the Foundation pursuant to sub-paragraph (a) above in the five preceding transfers of

the Corporate Debentures. The Foundation may, at its sole and absolute discretion, waive the payment of the said replacement or substitution levy (in full or in part) in any circumstance as it may think fit.

10. A debenture administration fee (the “**Administration Fee**”) in such amount as determined by the Executive Committee of the Foundation from time to time shall be payable in full upon being notified of the Foundation’s acceptance of an application for a Corporate Debenture. The Foundation may, at its sole and absolute discretion, waive the payment of the Administration Fee (in full or in part), or refund (in full or in part) the Administration Fee which has been paid, by certain classes of the accepted Corporate Debenture applicants.
11. In the event of and upon winding-up, liquidation or dissolution of a CD Holder, the liquidator or any person duly authorised by an applicable court to manage, administer or dispose the assets of such CD Holder, including but not limited to the Corporate Debenture, may transfer the Corporate Debenture in accordance with the provisions set out in paragraphs 9(a) and (b). Notwithstanding the winding-up, liquidation or dissolution of the CD Holder, the nominated child shall be entitled to continue his or her study at the School until the Corporate Debenture is transferred in accordance with the terms and conditions set out in the certificate of the relevant Corporate Debenture.
12. The Foundation may at any time issue further debentures, notes or other instruments of similar or other nature with rights ranking pari passu with, in priority to or subordinate to all the Debentures previously issued by the Foundation and upon such terms and conditions and in such manner as the Foundation may at its absolute discretion think fit. The Foundation shall have the absolute discretion and right to amend the terms and conditions, or to amend or impose any rules, terms and conditions for the issue, of any such new debentures, notes or other instruments from time to time without any prior notice or liability to the holders of the Debentures.
13. You should refer to all the terms and conditions set out in the certificate of the Corporate Debenture which draft is attached to the application form for details.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of the Debentures. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.