

Debenture Questions and Answers

1. What is a Debenture?

Victoria Shanghai Education Foundation Limited (the “Foundation”), which is the sponsor of Victoria Shanghai Academy (the “School”, which includes both Primary Section and Secondary Section), is a private co-educational institution which receives no regular funding or grants from the Hong Kong Government. In order to meet the long term financial commitments of the School, a debenture scheme has been introduced by the Foundation to raise capital for funding various long-term projects for improving and enhancing the School's state-of-the-art facilities and equipment. There are two types of debentures (the “Debentures”) under the said debenture scheme, which are Individual Debentures and Corporate Debentures.

2. Why do I need a Debenture?

Each student enrolled at the School is NOT required to subscribe for a Debenture. However, the child nominated by a holder of a Debenture (the “Holder”) will be given additional opportunities for reassessment and priority for admission to Year One of the School (in the case of Individual Debentures) or Any Year class of the School (in the case of the Corporate Debentures). Please note that a Debenture does not guarantee the admission of the nominated child to the School and any admission will be subject to, among others, the satisfaction of the admission criteria as determined by the Foundation from time to time and the availability of a place in the Year class chosen.

3. What are the differences between the Individual Debenture and the Corporate Debenture?

Individual Debenture is to be issued to, and be held by, an individual, whereas Corporate Debenture is to be issued to, and be held by, a corporation. Currently, a holder of the Individual Debenture (the “ID Holder”) is entitled to nominate one child to Year One of the School and a holder of the Corporate Debenture (the “CD Holder”) is entitled to nominate one child of its director or employee to ANY Year of the School.

4. Who is eligible to buy or subscribe for the Debentures?

The Foundation currently intends to issue additional Corporate Debentures under the said debenture program. All interested parties can make applications via the general office of the Foundation. Only one corporation can be the CD Holder.

5. Can Debentures be assigned to more than one child?

No, not at the same time. If a child has been nominated by the Holder under a Debenture and has been admitted to the School, no other child may be nominated under that Debenture at the same time.

6. How long do I need to hold the Debenture if my child has been admitted to the School?

As long as your nominated child has been accepted for admission to Year One of the School (in the case of the Individual Debenture) and to any Year class of the School (in the case of the Corporate

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

7. What are the priorities given to siblings of a nominated child who has been accepted for admission to the School?

First priority will be given to the nominees of the Debentures. Second priority will be 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 a Debenture.

8. Can the Debenture be redeemed at the request of the Holder?

A Debenture may only be redeemed at its principal amount at the sole and absolute discretion of the Foundation.

9. Can the Debentures be transferred?

Yes, both Individual Debentures and Corporate Debentures can be transferred upon the prior approval of the Foundation and payment of a transfer fee (the “Debenture Transfer Fee”) equal to the higher of: (1) 20% of the principal amount of the Debenture; and (2) 50% of the difference between (i) the principal amount of the Debenture and the transfer price of the Debenture (in the case of a transfer by the first Holder) or (ii) the price paid by the Holder and the transfer price of the Debenture (in the case of any subsequent transfer).

10. What are the fees involved in owning a Debenture?

The current fees payable are as follows:-

Debenture Application Fee - HK\$500

Debenture Administration Fee – HK\$15,000 (to be payable upon the successful application of the Debenture)

Debenture Transfer Fee – payable upon the transfer of a Debenture

The Foundation has the right to change the amount of any of above fees and to charge any other fees as it may at its sole and absolute discretion determine from time to time.

All fees paid to the Foundation are non-refundable and non-transferrable.

11. If the number of applications for the Debentures exceeds the number of Debentures to be issued, how does the Foundation allot the Debentures?

We are looking for commitment and support to the Foundation and the School, and a potential nominated child who fits our profile of a student of the School. There will be a selection panel to make the decision. It will not be on first come first served basis nor by way of balloting.

12. How many Corporate Debentures we can buy at the maximum?

There is no limit to the number of applications a corporation may make, however, please be minded that once your application is accepted, you are bound to pay the principal amount of each allotted Corporate Debenture and the related debenture administration fee within 14 days.

13. Do previous applicants of the Corporate Debentures have to resubmit their applications and pay the relevant application fee? Are there any priority offered to previous Corporate Debenture applicants in their Corporate Debenture applications under this tranche?

Due to the legally binding nature of the application forms, all applicants have to fill in and complete the application form for this tranche and will be required to pay the application fee. All previous unsuccessful applicants will have priority in their applications over other applicants except for applications of siblings of current students of the School.

Please note that the information above is for reference only. Detailed terms and conditions of the debenture scheme will be set out in the legal documents relating to the debentures and are subject to the final approval of the Executive Committee of the Foundation. The Foundation shall have the sole and absolute discretion and right to amend or impose any rules, terms and conditions for the issue of any debentures, notes or other instruments.

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 any document relating to the Debentures, you should obtain independent professional advice.