

## 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. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

## CAPITAL DEBENTURE TERMS & CONDITIONS

1. A person who is recognised by Canadian International School of Hong Kong Limited (“**CDNISHKL**”) as being entitled to the rights conveyed by a capital debenture is a “Capital Debenture Beneficiary”. The rights conveyed by this Capital Debenture are set out in clauses 4, 5, 7, 8, 10 and 12 of these terms and conditions.
2. This Capital Debenture is non-redeemable and non-negotiable, and it does not bear any interest, nor is it secured on any property, assets or undertakings of CDNISHKL or any other person. This Capital Debenture does not relate to any debt owned by CDNISHKL to any person. Proceeds of the Capital Debenture will be applied towards the objectives of CDNISHKL.
3. The Capital Debenture Beneficiary shall be a natural person or company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) in active operation with a minimum annual revenue of HK\$5 million. CDNISHKL at its sole discretion may grant a Capital Debenture to a company incorporated in another jurisdiction.
4. The Capital Debenture Beneficiary so long as it continues to be the beneficiary of a Capital Debenture shall be entitled to nominate, if the Capital Debenture Beneficiary is a natural person, one child of the Capital Debenture Beneficiary and, if the Capital Debenture Beneficiary is a corporate body, one child of one of its directors or employees, to attend the Canadian International School (“**School**”) (such child nominated by the Capital Debenture Beneficiary, the “**Nominated Child**”), subject to such child satisfying the admission and other criteria of the School and the discretion of the School whose determination shall be final and binding. CDNISHKL or the School shall have the right to request a Capital Debenture Beneficiary to provide proof to the satisfaction of CDNISHKL or the School of the relationship of between parent and the Nominated Child or the directorship or employment of the parent of the Nominated Child of the Capital Debenture Beneficiary. The Capital Debenture Beneficiary shall only be entitled to nominate a son or daughter or adopted son or daughter (as the case may be) of the Capital Debenture Beneficiary or the director or employee of the Capital Debenture Beneficiary (as the case may be) but not anyone who is not an immediate family member such as grandsons, granddaughters, nephews or nieces. A copy of the birth certificate or evidence of adoption of the Nominated Child (as the case may be) must be supplied to CDNISHKL or the School and the original of which must be shown to CDNISHKL or the School on demand. The Nominated Child under each Capital Debenture shall not be replaced with or substituted by another child without CDNISHKL and the School's permission. An administration fee to be determined by CDNISHKL will apply for the change of Nominated Child.
5. If the Capital Debenture certificate (“**Certificate**”) shall have been lost, stolen, destroyed or defaced in whole or in part so as to be incapable of use, CDNISHKL or the School shall, on payment of a reasonable fee, as CDNISHKL may determine from time to time, and on such terms as it may require, deliver to the Capital Debenture Beneficiary a new certificate in lieu thereof and, in case of defacement, against the surrender of such Certificate. Upon the issue of a new Capital Debenture certificate under this clause, the existing Certificate shall be cancelled and void of effect.
6. CDNISHKL shall recognize and treat the Capital Debenture Beneficiary as the person being entitled to the rights and benefits conveyed by this Capital Debenture. CDNISHKL shall not be affected by notice of any right, title or claim of any person to this Capital Debenture other than the Capital Debenture Beneficiary.
7. CDNISHKL may amend the Certificate to reflect a change of name of the Capital Debenture Beneficiary, provided the Capital Debenture Beneficiary pays to CDNISHKL an administrative fee for effecting the change of name, the amount of which is to be determined by CDNISHKL, and the Capital Debenture Beneficiary provides proof to the satisfaction of CDNISHKL of the change of name of the Capital Debenture Beneficiary. This clause only applies to a legal company name change or individual name change. All other changes of name will be considered as transfer of the Capital Debenture and the prescribed transfer fee shall apply.
8. (a) The face value of the Capital Debenture shall become payable by CDNISHKL to the Capital Debenture Beneficiary immediately upon an effective resolution for the winding up of CDNISHKL being passed or a judicial order for the winding up of CDNISHKL being made by a court of competent jurisdiction. Full payment of such amount to the Capital Debenture Beneficiary is conditional upon the surrender of the Certificate by the Capital Debenture Beneficiary to CDNISHKL.  
  
(b) CDNISHKL may (but without any obligation to do so) at any time in its absolute discretion by giving notice to the Capital Debenture Beneficiary, cancel this Capital Debenture on such terms and conditions as may be determined by the directors of CDNISHKL. Upon cancellation of this Capital Debenture, CDNISHKL shall pay to the Capital Debenture Beneficiary an amount not less than the face value of this Capital Debenture after the deduction of all administrative fees, outstanding charges and costs payable to CDNISHKL or the School (as determined by CDNISHKL and the School). Full payment of such amount to the Capital Debenture Beneficiary is conditional upon the surrender of the Certificate to CDNISHKL.  
  
(c) The Capital Debenture Beneficiary shall have no right to demand or otherwise seek payment of this Capital Debenture except in accordance with the provisions in this clause 8.
9. The Capital Debenture Beneficiary shall not transfer or otherwise assign this Capital Debenture unless specifically authorized by the provisions herein.
10. This Capital Debenture is not transferrable except that the Capital Debenture Beneficiary may transfer the Capital Debenture via CDNISHKL with the prior approval of CDNISHKL and by giving written notice in the prescribed form to CDNISHKL. CDNISHKL shall have the absolute discretion to approve or disapprove the transfer. If CDNISHKL disapproves the transfer, CDNISHKL may (but without any obligation to do so) cancel this Capital Debenture pursuant to clause 8 above. The transfer of this Capital Debenture shall be subject to the payment of a transfer fee to be calculated in accordance with clause 11 below. No transfer shall be effected by CDNISHKL unless and until such transfer fee has been received in full by CDNISHKL.
11. The transfer fee payable by the Capital Debenture Beneficiary to CDNISHKL upon the transfer of this Capital Debenture shall be either ten percent (10%) of the deemed face value of this Capital Debenture as stated on this Capital Debenture (the “**Deemed Face Value**”) or fifty percent (50%) of the difference between the Deemed Face Value and the transfer price of this Capital Debenture, whichever is the higher amount.
12. A Capital Debenture Beneficiary is exempted from paying the annual capital levy for the Nominated Child.
13. If the Capital Debenture Beneficiary breaches or fails to comply with any of the terms contained herein, CDNISHKL may (but without any obligation to do so) at any time in its absolute discretion by giving notice to the Capital Debenture Beneficiary cancel this Capital Debenture on such terms and conditions as may be determined by CDNISHKL.
14. In case any dispute shall arise as to the construction of this Capital Debenture or any of the terms hereof or entitlement of the Capital Debenture Beneficiary hereunder or anything of whatever nature arising hereunder or in connection herewith, such dispute shall be referred to CDNISHKL who shall decide the issue and whose decision shall be final and binding.
15. Any notice to be given hereunder may be given by delivering the same in writing or by posting the same by prepaid postage to CDNISHKL at its registered office or, as the case may be, to the Capital Debenture Beneficiary at its address as shown in application or transfer form and in the case of service by prepaid postage, service shall be deemed to have been effected 2 business days after the time of posting.
16. This Capital Debenture shall be governed by and construed in accordance with the laws of Hong Kong. Save for the Capital Debenture Beneficiary, CDNISHKL and the School, no person has any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623) to enforce or to enjoy the benefit of any these terms and conditions.
17. This Capital Debenture is subject to these terms and conditions, and all terms and conditions for the Capital Debentures as attached to the Capital Debenture application form, which are hereby incorporated by reference in their entirety. The rights and obligations of the Capital Debenture Beneficiary may be amended, supplemented or modified by CDNISHKL if approved by the board of governors of the School and/or CDNISHKL.
18. CDNISHKL shall have the right at any time without prior notice to amend the rules or conditions applicable to the grant of Capital Debentures and the amount payable therefore but any such amendments will not derogate the rights or alter the obligations of the Capital Debenture Beneficiary existing prior to such amendments.