

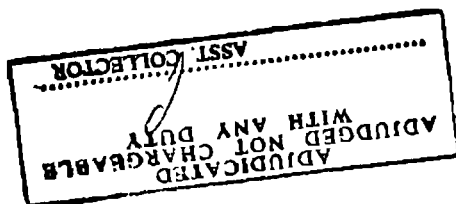
THIS LEASE made the 21st day of June Two Thousand and Six BETWEEN the Financial Secretary Incorporated a corporation sole incorporated under and by virtue of the Financial Secretary Incorporation Ordinance (Cap.1015) care of the Government Property Agency, 31st Floor, Revenue Tower, No. 5 Gloucester Road, Wanchai, Hong Kong (hereinafter referred to as "the Lessor") of the one part and ESF Educational Services Limited (英基教育服務有限公司) incorporated under and by virtue of The Companies Ordinance (Cap. 32) and having its registered office situate at No. 43B Stubbs Road, Hong Kong (hereinafter referred to as "the Lessee") of the other part.

NOW THIS DEED WITNESSES as follows :

1. In consideration of the rent covenants and stipulations herein reserved and contained and by and on the part of the Lessee to be paid done and performed the Lessor HEREBY GRANTS AND DEMISES unto the Lessee All That portion of and in All That piece or parcel of ground registered in the Land Registry as THE REMAINING PORTION OF LOT NO. 385 in DEMARCATION DISTRICT NO. 352 and THE EXTENSIONS THERETO and the development thereon situate at Discovery Bay, Lantau Island known as Discovery Bay City (hereinafter referred to as "the City") which portion is more particularly defined in Condition (1)(a)(I) of the Approval Letter dated the 28th day of February 2000 from the Director of Lands (hereinafter referred to as "the Director") to Hong Kong Resort Company Limited and registered in the Land Registry by Memorial No. IS280736 as varied or modified by the Letter dated the 9th day of November 2005 and registered in the Land Registry by Memorial No. 05112500140012 (hereinafter collectively referred to as "the Approval Letter") to be "the School Site in Area N4b" and for the purpose of identification only shown coloured pink on the plan annexed hereto (which portion is hereinafter referred to as "the Premises") Together with the use in common with the Lessor and any other owners tenants or occupiers of the City of the City Common Areas as defined in the Deed of Mutual Covenant dated the 30th day of September 1982 and registered in the Land Registry by Memorial No. IS112018 (hereinafter referred to as "the Deed of Mutual Covenant") so far as the same are necessary for the proper use and enjoyment of the Premises SUBJECT TO the Agreement and Conditions of Exchange registered in the Land Registry as New Grant No. 6122 as extended by three extension letters registered in the Land Registry as New Grant Nos. 6620, 6788 and 6947 respectively and the Approval Letter all governing the Premises (which New Grant Nos. 6122, 6620, 6788 and 6947 and the Approval Letter are hereinafter collectively referred to as "the Government Grant") and SUBJECT ALSO TO the Deed of Mutual Covenant and the Sub-Deed of Mutual Covenant dated the 30th day of May 2006 made between Hong Kong Resort Company Limited, the Lessor and Discovery Bay Services Management Limited in respect of the Premises (hereinafter referred to as "the Sub-Deed of Mutual Covenant") TO HOLD the Premises unto the Lessee for the term of eight years commencing on the 30th day of May 2006 and expiring on the 29th day of May 2014 at the rent and for the purposes and on such terms conditions and covenants as are hereinafter specified.



Stamp: Adjudication Fee Paid, Pending Adjudication, 印花稅 \$ 050, 港幣



2. THE LESSEE HEREBY COVENANTS WITH THE LESSOR as follows :-

- (a) To pay the rent in a lump sum of HK\$1,000.00 on or before the execution of this Lease;
- (b)
 - (i) Subject to Clause 2(f) hereof, to erect and maintain upon the Premises at the Lessee's own expense in accordance with the terms and covenants of this Lease a non-profit-making private independent primary cum secondary school (hereinafter referred to as "the School") of not less than 18 classrooms for primary school and 30 classrooms for secondary school for such classes and with such class organisation as shall be approved by the Permanent Secretary for Education and Manpower (hereinafter referred to as "the Permanent Secretary") together with such ancillary facilities as shall be approved by the Permanent Secretary;
 - (ii) If so required by the Lessee, to erect and maintain upon the Premises at the Lessee's own expense residential quarters for the use and occupation of the caretakers or watchmen employed as such on the Premises (hereinafter referred to as "the Caretakers' Quarters") provided always that the total number of the Caretakers' Quarters erected shall not at any time exceed four and provided further that the gross floor area of each of the Caretakers' Quarters shall not exceed 32 square metres or such other floor area as may be approved in writing by the Permanent Secretary;
 - (iii) Not to erect or maintain upon the Premises any building other than a building or buildings required for the purposes of the School and the Caretakers' Quarters;
- (c)
 - (i) Not to use or permit or suffer the use of the Premises or any part thereof or any building or part of any building thereon for any purpose other than for the purposes of the School and the Caretaker's Quarters;
 - (ii) Not to use the ground floor of any building or buildings erected or to be erected on the Premises for any purpose other than as to part thereof as a play-ground and as to the remainder thereof as a car park, ground floor entrance lobby, toilet, staircase, utility room or such other purposes as may be approved in writing by the Chief Property Manager, Government Property Agency (hereinafter referred to as "the Chief Property Manager");

- (iii) Save as provided in Clause 2(b)(ii) hereof, not to use or permit or suffer the use of the Premises or any part thereof as sleeping quarters, domestic premises, hostels, boarding school or boarding house or to allow any person to remain on the Premises overnight;
 - (iv) Not to use or permit or suffer the use of the Premises or any part thereof, for any illegal or immoral purposes and the determination of the Chief Property Manager as to what constitutes illegal or immoral purposes shall be final and binding on the Lessee;
 - (v) Notwithstanding anything herein contained in the event of any breach, non-performance or non-observance of sub-clause (c)(iv) above the Lessor shall be entitled to terminate this Lease by giving to the Lessee written notice to that effect to expire at any time without payment of compensation or refund of rent already paid or any part thereof. Upon the expiry of such notice and without prejudice to any right of action of the Lessor in respect of any antecedent breach, non-performance or non-observance of the other terms, conditions and covenants herein contained, this Lease shall cease and determine and the Lessee shall quit and deliver up possession of the Premises to the Lessor in accordance with the terms, conditions and covenants of this Lease;
- (d) To prepare a plan showing the positions and descriptions of each survey mark delineating the boundary of the Premises and to submit such plan to the Chief Property Manager for approval and at his own expense set out a survey of the Premises in accordance with such plan as approved by the Chief Property Manager before commencing any works on the Premises whether for the purpose of Clauses 2(b)(i) and 2(b)(ii) hereof or not;
- (e) To observe and comply with all Ordinances, regulations, bye-laws, rules and requirements of any Government department or other competent authority relating to the development, use and occupation of the Premises and in particular, to ensure that :-
- (i) any building or buildings erected or to be erected on the Premises shall in all respects comply with the Buildings Ordinance, any regulations made thereunder and any amending legislation; and
 - (ii) no building or buildings may be erected on the Premises or any part thereof, nor may any development or use of the

Premises or any part thereof take place, which does not in all respects comply with the requirements of the Town Planning Ordinance, any regulations made thereunder and any amending legislation;

- (f) Not to erect or allow to remain on the Premises any building or structure without the consent in writing of the Chief Property Manager first had and obtained;
- (g) Not to alter, demolish or make addition to any building or structure erected or to be erected on the Premises without the prior consent in writing of the Chief Property Manager;
- (h) To make such arrangements at the Lessee's own expense for the supply of electricity, gas, water and telephone to the Premises as the Lessee shall require and to pay all charges in connection therewith including the cost of installation and maintenance thereof and subject to Clause 2(1) hereof, on the termination of this Lease, the cost of dismantling all pipes, conduits, wires, cables, meters, switches and any other apparatus ancillary thereto; and the Lessee shall have no claim whatsoever against the Lessor in the event of his failure to obtain such supply for any reason whatsoever;
- (i) To submit to the Permanent Secretary annually, beginning one year from the opening of the School, a complete statement of the accounts of the School audited by a certified public accountant (practicing) as defined in the Professional Accountants Ordinance. Such statement shall be audited within such time and submitted within such time and in such manner, as may be specified by the Permanent Secretary;
- (j) To maintain and keep, at the Lessee's own expense, to the satisfaction of the Chief Property Manager, all buildings and structures erected or to be erected on the Premises including retaining and boundary walls and fences (if any) belonging thereto in accordance with the terms conditions and covenants of this Lease in good, substantial repair and condition and in such repair and condition (subject to Clause 2(1) hereof) deliver up the same to the Lessor on the termination of this Lease;
- (k) Not to assign, mortgage, charge, demise, underlet, part with the possession of or otherwise dispose of the Premises or any part thereof or any interest therein or any building or part of any building thereon or enter into any agreement so to do;
- (l) If so required by the Chief Property Manager on the advice of the Permanent Secretary, on the termination of this Lease at the

Lessee's own expense to demolish and remove to the satisfaction of Chief Property Manager any building, structure, foundation, paving or other surfacing which is then standing on or forms part of the Premises and thereafter to landscape the Premises without any compensation therefor being paid by the Lessor to the Lessee. If the Lessee fails to carry out any such works, the Lessor may carry out the same and the Lessee shall pay to the Lessor the costs of such works incurred by the Lessor which costs shall be a debt due from the Lessee to the Lessor and be forthwith recoverable by legal proceedings (it being agreed and declared that a certificate under the hand of the Lessor as to the costs of any such works shall be final and conclusive and shall be binding on the Lessee);

- (m) (i) To permit the Lessor, his servants, agents and all persons authorized by the Lessor at all reasonable times to enter upon the Premises and the building or buildings thereon to view the state and condition thereof, and in the event of there being any defect or want of repair or maintenance or any other works required to be carried out by the Lessee under this Lease then and there found, to give or leave on the Premises notice in writing to the Lessee, who shall within one calendar month after such notice (or sooner if required) repair and make good or complete the same in accordance with such notice and the Lessee's obligations in that behalf herein contained; in the event of the Lessee failing to comply with the such notice, to permit the Lessor, his duly authorized officers, contractors, his or their workmen and any other persons authorized by him or them with or without tools, equipment, machinery or motor vehicles at all reasonable times to enter upon the Premises or any part thereof or the building or buildings thereon to carry out and complete the works required by the notice and the Lessee shall pay to the Lessor the costs of such works incurred by the Lessor, and such costs if unpaid on the due date as specified by the Lessor shall carry interest at the rate of two per centum (2%) per annum above the prevailing Best Lending Rate of The Hongkong and Shanghai Banking Corporation Limited and together they shall be a debt due from the Lessee to the Lessor, and be forthwith recoverable by action (it being agreed and declared that a certificate under the hand of the Lessor as to the costs of any such works shall be final and conclusive and shall be binding on the Lessee);
- (ii) To permit the Lessor, his servants or agents and all persons authorized by the Lessor at all reasonable times with or without notice to enter upon the Premises or any part thereof

or the building or buildings thereon for the purpose of inspecting the same so as to ascertain that there is no breach of or failure to observe any of the terms and conditions herein contained;

- (n) To indemnify and keep indemnified the Lessor, his officers, contractors and workmen against all actions, suits, liabilities, costs, claims, demands, expenses and losses (whether financial or otherwise) whatsoever and howsoever arising directly or indirectly out of any breach of the terms, conditions and covenants of this Lease or out of or in connection with the occupation and use of the Premises by the Lessee including but not limited to :
 - (i) all liabilities arising out of the negligence of any person not a party to this Lease;
 - (ii) all liability on the part of the Lessor under the Occupiers Liability Ordinance (Cap. 314);
 - (iii) all liabilities arising out of anything done or omitted to be done by the Lessee which the Lessee is required to undertake and fulfill in compliance with Clause 3(j) hereof; and
 - (iv) any damage or soil and groundwater contamination caused to the Premises or any adjacent or adjoining land where such damage or soil and groundwater contamination has, in the opinion of the Lessor whose opinion shall be final and binding upon the Lessee, arisen out of any use of the Premises, or any development or redevelopment affecting the Premises or part thereof or out of any activities carried out on the Premises or out of any other works carried out thereon by the Lessee whether or not such use, development or redevelopment, activities or works are in compliance with the terms, conditions and covenants of this Lease or in breach thereof;
- (o) To pay and discharge all existing and future management fees payable under the Deed of Mutual Covenant and the Sub-Deed of Mutual Covenant, rates, Government rent, taxes, assessments, duties and outgoings whatsoever which are now or during the term of this Lease shall be imposed, assessed or charged upon the Premises or the Lessee in respect thereof;
- (p) To perform observe and comply with the terms and conditions contained in the Government Grant, the Deed of Mutual Covenant and the Sub-Deed of Mutual Covenant in so far as they relate to the

Premises and to indemnify and keep indemnified the Lessor against all actions, suits, liabilities, costs, claims, demands, expenses and losses (whether financial or otherwise) arising directly or indirectly out of any breach, non-observance or non-performance or non-compliance thereof by the Lessee;

- (q) To keep the Premises and the building or buildings thereon in a good, neat and tidy condition to the satisfaction of the Lessor;
- (r) Not to do cause or permit or suffer anything to be done at any time in or upon the Premises or any part thereof or in or upon any building erected on the Premises which in the opinion of the Lessor may be or become a danger, nuisance or annoyance or inconvenience to the Lessor or to the owners, tenants and occupiers of any adjoining or neighbouring lot or lots or premises;
- (s) To be liable for any act, default, negligence or omission of the Lessee's contractors, employees, invitees or licensees as if it were the act, default, negligence or omission of the Lessee and to indemnify the Lessor against all costs, claims, demands, expenses or liabilities to any third party in connection therewith; and
- (t) Not to erect or place or cause or permit to be erected or placed any advertising signs or structures on any roof, top roof, upper roof, flat roof or terrace or any external wall of the building or buildings erected on the Premises or on the external walls or boundary walls of the Premises.

3. THE LESSEE HEREBY FURTHER COVENANTS WITH THE LESSOR as follows:

- (a) The Lessee shall within 48 calendar months from the date on which possession of the Premises is given open and commence to operate the School on a scale satisfactory to the Permanent Secretary, and shall conduct the School in accordance with all Ordinances and Regulations relating to education which are or may at any time be in force in the Hong Kong Special Administration Region (hereinafter referred to as "Hong Kong") and in all respects to the satisfaction of the Permanent Secretary. If it is at any time shown to the satisfaction of the Chief Property Manager that there has been a breach of this Clause 3(a), it shall be lawful for the Lessor to re-enter upon and take back possession of the Premises or any part thereof and all buildings thereon without notice and thereupon the rights of the Lessee in and to the Premises under this Lease shall absolutely cease and determine, and upon the exercise of this power

no compensation whatsoever shall be payable to the Lessee in respect of the Premises re-entered upon.

- (b) If it is at any time shown to the satisfaction of the Chief Property Manager that the Premises or any part thereof or any building or part of any building thereon has ceased to be used for the purpose of the School as specified in Clause 2(c)(i) hereof (as to which the non-user thereof for such purpose for a period of six calendar months shall be conclusive) or that the extent of the user thereof for such purpose has so diminished that the retention of the Premises or any part thereof for such purpose is no longer justified, it shall be lawful for the Lessor to re-enter upon and take back possession of the Premises or any part thereof and all buildings thereon without notice and the rights of the Lessee in and to the same under this Lease shall thereupon absolutely cease and determine, and upon the exercise of this power no compensation whatsoever shall be payable to the Lessee in respect of the Premises re-entered upon.
- (c) (i) Notwithstanding anything to the contrary herein contained, the Lessee shall, when required by the Permanent Secretary or the competent authority specified in sub-clause (iii) of this Clause 3(c) so to do, permit the Premises and the building or buildings thereon together with the facilities thereof or any part or parts of the Premises, buildings or facilities to be used subject to sub-clause (iv) of this Clause 3(c) but otherwise free of charge unless the approval of the Permanent Secretary is obtained whereupon the Lessee shall impose such charges as may be stipulated by the Permanent Secretary, for the conduct of public examinations, the holding of teaching practice by student-teachers, the running of evening classes, the provision of study rooms and resource teaching centres, the operation of other schools on a temporary basis, such educational or other purposes as may be required by the Permanent Secretary and for such organised activities as may be required by the competent authority Provided that any requisition for the aforesaid purposes shall not unduly interfere with the reasonable use of the Premises and the building or buildings thereon and the facilities thereof by the Lessee.
- (ii) The competent authority shall not exercise his rights under this Clause 3(c) unless he shall have obtained the prior written approval of the Permanent Secretary on each and every occasion and given to the Lessee not less than six weeks' notice in writing. Such notice shall be addressed to the Lessee at his registered office and shall specify the name of the user unit/department/organisation, which part or parts

of the Premises and the building or buildings thereon and the facilities thereof required and the precise purpose for which, the period with dates upon which and the appropriate number of persons for whom, the Premises and the buildings thereon and facilities thereof or a part or parts thereof are being requisitioned.

- (iii) For the purposes of this Clause 3(c) the competent authority shall be as follows :-
 - (I) The Secretary for Home Affairs in respect of activities related to district administration and in respect of organised recreation and sports activities.
 - (II) Any organisation as may be approved by the Permanent Secretary.
- (iv) Upon any requisition of the Premises and the building or buildings thereon or any part thereof by the competent authority under this Clause 3(c) it shall be lawful for the Lessee to provide as a condition of such requisition that any damage to the Premises or any part thereof or any building thereon (including the facilities thereof) occurring during the occupation thereof by the body for whom it was requisitioned shall be made good and repaired by the Lessee at the expense of such body which shall pay for the same upon the production by the Lessee of a certificate of costs from the contractors who carried out such repairs.
- (v) The Lessor shall not be liable for any damage or loss sustained by the Lessee by reason of any requisition of the Premises and the building or buildings thereon or any part thereof by the Permanent Secretary or the competent authority or by reason of the occupation thereof by the body for whom it was requisitioned under this Clause 3(c) unless the body so occupying is a Government Department.
- (d) The Lessee shall not carry out or permit any activity or works on the Premises which in the opinion of the Lessor may adversely affect the stability of land and structures within or surrounding the Premises.
- (e) A Government filtered water supply is available and will be given on the usual terms and subject to the provisions of the Waterworks Ordinance, any regulations made thereunder and any amending legislation, but no guarantee is given that any water that is supplied will be continuously available.

- (f) No Government water supply shall be used for flushing purposes on any part of the Premises without the prior written consent of the Water Authority.
- (g) Throughout the term hereby granted :
 - (i) The Lessee shall at his own expense and to the satisfaction of the Director of Fire Services :
 - (I) provide suitable means of access for the passage of Fire Services appliances and Fire Services personnel to any building or buildings, structure or structures erected or placed or to be erected or placed on the Premises;
 - (II) at all times permit such Fire Services personnel and Fire Services appliances the free and uninterrupted use of such means of access; and
 - (III) maintain such means of access and keep the same free from obstruction.
 - (ii) The Lessee shall permit the Director of Fire Services, his officers, servants or agents at all reasonable times with or without notice to enter upon the Premises or any part thereof or any building or buildings, structure or structures or any part thereof erected or placed or to be erected or placed thereon for the purpose of inspecting the same so as to ensure that the requirements referred to in sub-clause (i) of this Clause 3(g) have been complied with.
- (h) The Lessee shall at his own expense and to the satisfaction of the Director of Fire Services provide fire hydrants, fire fighting appliances, water pumping connections and such other fire service installations and equipment (as defined in the Fire Services Ordinance, any regulations made thereunder and any amending legislation) as the Director of Fire Services in his sole discretion shall require within the Premises and within any building or buildings erected or to be erected thereon at such point or points as the Director of Fire Services may require. The Lessee shall maintain at his own expense the said fire hydrants, fire fighting appliances, water pumping connections and such other fire service installations and equipment in good condition and to the satisfaction of the Director of Fire Services.

- (i) The Lessee shall comply with all lawful requirements of the Director of Fire Services made under the Dangerous Goods Ordinance, any regulations made thereunder and any amending legislation.

- (j) (i) The Lessee shall at his own expense in accordance with the terms conditions and covenants of this Lease erect and maintain upon the Premises the School and the Caretakers' Quarters (if any) with such workmanship, design and material of a satisfactory standard. The Lessee shall take or cause to be taken all proper and adequate care, skill and precautions at all times and particularly during any construction, maintenance, renewal, repair or any other works being carried on in or around the Premises (hereinafter collectively referred to as "the Works") to avoid any accident, injury, nuisance or damage to any persons or properties and to avoid doing any damage to any land or slope adjacent to or adjoining the Premises.

- (ii) Where there is or has been any cutting away, removal or setting back of any land or any building up or filling in or any slope treatment works of any kind whatsoever within the Premises or on any land adjacent to or adjoining the Premises, the Lessee shall at his own expense carry out and construct with such slope treatment works, or other support, protection, drainage or ancillary or other works as shall or at any time thereafter be necessary to protect and support such land within the Premises and also any land adjacent to or adjoining the Premises to obviate and prevent any falling away, landslip or subsidence occurring thereafter.

- (iii) In addition to the obligations set out in Clause 2(n) hereof, the Lessee shall indemnify and keep indemnified the Lessor from and against all actions, claims, costs, demands, expenses, actions or proceedings of whatsoever nature whether directly or indirectly arising out of or in connection with any defects, wants of repair, imperfections, breakdown or faults (whether in respect of workmanship, material, design or otherwise) in any building or structure erected on the Premises by the Lessee or out of or in connection with any of the Works including but not limited to any falling away, landslip or subsidence occurring within the Premises or from any land adjacent to or adjoining the Premises as a result of the Works.

- (iv) Throughout the term of the lease hereby granted, the Lessee shall at his own expense take out and maintain a valid

insurance policy with insurers previously approved by the Lessor in writing in the name of the Lessee with the interest of the Lessor noted on the policy for an amount sufficient to cover the obligations and liabilities of the Lessee under this Clause 3(j).

4. THE LESSOR HEREBY AGREES WITH THE LESSEE as follows :-

To permit the Lessee on his duly paying the rent and all charges payable by him and observing and performing the obligations on his part herein contained to have quiet possession and enjoyment of the Premises without any interruption by the Lessor or anyone lawfully claiming under or in trust for the Lessor until such time as this Lease is determined.

5. IT IS HEREBY MUTUALLY AGREED AND DECLARED BY AND BETWEEN THE PARTIES HERETO THAT :-

- (a) In case any management fees, rates, Government rent, taxes, assessments, duties, outgoings, utility or other charges whatsoever which are payable by the Lessee pursuant to this Lease or any part thereof shall be in arrears and unpaid for twenty-one days next after the same shall have become due (whether formally demanded or not), or if there is any breach, non-performance or non-observance or non-compliance of any of the terms, conditions and covenants to be observed by and on the part of the Lessee herein contained or if the Lessee shall become bankrupt or, being a company, shall enter into liquidation whether compulsory or voluntary, or shall enter into any composition with his creditors or suffer any distress or execution to be levied upon his goods, then, and in any of the said cases, it shall be lawful for the Lessor at any time thereafter to re-enter upon the Premises or any part thereof in the name of the whole, and thereupon this Lease shall absolutely determine, but without prejudice to any right of action of the Lessor in respect of any antecedent breach, non-performance, non-observance or non-compliance of the said terms conditions and covenants and in the event of such re-entry the rent already paid or any part thereof shall not be refunded and no compensation whatsoever shall be payable to the Lessee by the Lessor.
- (b) The Government of Hong Kong Special Administration Region (hereinafter referred to as "the Government") shall have full power to resume, re-enter upon and retake possession of all or any part of the Premises if the same shall be required for the improvement of Hong Kong or for any other public purpose whatsoever (as to which the decision of the Chief Executive of Hong Kong shall be

conclusive) on giving to the Lessee twelve calendar months' notice in writing to that effect to expire at any time. Upon the expiration of the said notice and without prejudice to the Lessor's rights to enforce any antecedent breaches the lease of the Premises or any part thereof so resumed shall cease and determine and the Lessee shall quit and deliver up possession of the Premises or any part thereof so resumed and the building or buildings thereon. In the event of such termination, there shall be paid by the Government to the Lessee the following compensation only :

(1) in respect of the land resumed :

such amount as in the opinion of the Director has been reasonably expended on site formation of the land so resumed (hereinafter referred to as "the said amount"), reduced by a sum which shall be calculated according to the equation as set out hereunder:

$$A = \frac{C}{E} \times \text{the said amount}$$

Where A = the sum to be deducted from the said amount

C = the number of complete years counting from the date of this Lease up to the date of resumption;

E = the economic life of the building or buildings lawfully erected on the land resumed (as to which the determination of the Director shall be final and binding on the Lessee);

(2) in respect of any building or buildings or parts of any building or buildings lawfully erected on the land resumed such sum as the Director shall on a fair and impartial valuation certify to be the market value, as at the date of resumption, of the said building or buildings or part thereof having regard to the economic life of the said building or buildings or part thereof (as to which the determination of the Director shall be final and binding on the Lessee)
PROVIDED ALWAYS :

(i) that in the event of the Government having made a financial contribution of 100% towards the cost of site formation, construction, addition to or improvement of the building or buildings or parts thereof then no compensation shall be payable in respect of said site formation, construction, addition to or improvement as

the case may be of such building or buildings or parts thereof resumed.

- (ii) subject to (i) above that in the event of the Government having made a financial contribution of less than 100% towards the cost of site formation, construction, addition to or improvement of the building or buildings or parts thereof then there shall be deducted from the sum certified in (1) and (2) above, a separate amount in respect of site formation, the construction of or any addition to or improvement of the building or buildings or parts thereof which shall be calculated according to the equation set out hereunder :

$$S = \frac{X}{X+Y} \times Z$$

Where S = the amount to be deducted from the sum certified in (1) and (2) above

X = the financial contribution made by the Government towards the cost of site formation, construction, addition to or improvement of the building or buildings or parts thereof resumed

Y = the sum which in the opinion of the Director has been reasonably expended by the Lessee at the material time or times towards the site formation, construction, addition to or improvement of the building or buildings or parts thereof resumed

Z = the sum certified in (1) and (2) above

- (c) At the expiration of the term hereby created, this Lease shall be deemed to be automatically terminated and the Lessee shall in accordance with Clause 2(j) and subject to Clause 2(l) hereof forthwith surrender and deliver up vacant possession of the Premises to the Lessor. Subject to Clause 5(d) hereof, the Lessor shall have the full right to arrange for any new tenancy of the Premises at his sole discretion and the Lessee shall allow the Lessor, his officers, agents and all persons duly authorized by him or them at all reasonable times upon prior notice to enter upon the Premises and to show the Premises to prospective lessees or tenants during the last six (6) calendar months of the term of this Lease.

- (d) If the Lessee intends to take a tenancy of the Premises for a further term of two years from the expiration of the term hereby granted and shall not less than six calendar months before the expiration of the term hereby granted give to the Lessor notice in writing of such intention and if the Lessee shall have paid the rent and all charges payable by the Lessee pursuant to this Lease and shall have performed and observed the covenants terms and conditions contained in this Lease and on its part to be observed and performed up to the termination of the Lease hereby granted then the Lessor will let the Premises to the Lessee for a further term of two years from the expiration of the term hereby granted at the rent of HK\$1.00 (if demanded) and on the same covenants terms and conditions as are contained in this Lease save and except this Clause for renewal.
- (e) Notwithstanding anything herein contained, in the event of the Service Agreement dated the 30th day of May 2006 made between the Government and the Lessee being terminated for whatever reasons, this Lease shall be and shall be deemed to have been automatically terminated simultaneously therewith and the Lessee shall forthwith quit and deliver up possession of the Premises and, subject to Clause 2(1) hereof, all buildings and structures thereon to the Lessor free from all encumbrances and free of all cost or compensation.
- (f) Subject to Clause 5(b) hereof, on termination of this Lease in whatsoever manner the Lessee shall have no right whatsoever to claim compensation in any form or re-provisioning of accommodation from the Lessor.
- (g) No compensation shall be payable by the Lessor to the Lessee in respect of any loss or damage caused to the Lessee or others by reason of any water flowing on to the Premises or landslip or subsidence on, to, of or from the Premises.
- (h) Any notice to be served by the Lessor or his officers under the terms and conditions of this Lease shall be sufficiently served on the Lessee if left addressed to him on the Premises or forwarded to him by post or left at his last known address or in the case of a corporation forwarded to it by post or left at its registered office, and such notice, if sent by post, shall be deemed to be delivered in due course of post at the address to which it is sent.
- (i) Any notice to be served by the Lessee on the Lessor under this Lease shall be addressed to the Chief Property Manager for and on behalf of the Lessor and served on the Lessor by post or by leaving

the same at the address of the Government Property Agency mentioned hereinbefore.

- (j) Wherever in this Lease it is provided that :
 - (i) the Lessor or his duly authorized officers shall or may carry out works of any description on the Premises or any part thereof or outside the Premises (whether on behalf of the Lessee or on the failure of the Lessee to carry out such works or otherwise) at the cost of the Lessee or that the Lessee shall pay or repay to the Lessor or to his duly authorized officers on demand the cost of such works, such cost shall include such supervisory and overhead charges as may be fixed by the Lessor or by his duly authorized officers; or
 - (ii) the prior approval or consent of the Lessor or his duly authorized officers is required, they may give the approval or consent on such terms and conditions as they see fit or refuse it at their absolute discretion.
- (k) Words importing the masculine gender shall be deemed to include females and corporations and words in the singular shall be deemed to include the plural and vice versa in each case.
- (l) Each party shall bear his own costs in connection with the preparation of this Lease and its counterpart.
- (m) The Lessee shall bear the land registration charges payable on the registration of this Lease in the Land Registry.
- (n) The Lessor shall arrange for the stamping of this Lease and its counterpart, and the Lessee shall pay 50 per cent of the stamp duty chargeable on this Lease and its counterpart pursuant to the provision deemed to be contained in this Lease by virtue of Section 42(2) of the Stamp Duty Ordinance (Cap. 117).
- (o) The Lessee shall accept the Premises in the state and condition in which they are at the date possession is given.
- (p) The expression "gross floor area" in this Lease means the area contained within the external faces of the external walls (or in the absence of such walls the external perimeters) of any building or buildings erected or to be erected on the Premises measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in such building or buildings, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof).

6. The Lease hereby granted shall be subject to the Deed of Restrictive Covenant dated 10th December 1999 entered into between the Director on behalf of the Government and Hong Kong International Theme Parks Limited and registered in the Land Registry by Memorial No. IS278911 (hereinafter referred to as "the Deed of Restrictive Covenant") to the intent that the covenants as contained in the Deed of Restrictive Covenant shall apply to and bind the Premises and the Lessee.

IN WITNESS WHEREOF the Chief Property Manager, Government Property Agency being duly authorized by the Lessor so to do has set his hand and seal hereto for and on behalf of the Lessor and the Lessee has caused its Common Seal to be affixed hereto the day and year first above written.

Sealed with the Official Seal of)
The Financial Secretary Incorporated and)
Signed and Delivered by)
the Financial Secretary, by)

Peter TSANG)

Chief Property Manager,)
Government Property Agency to)
whom his power of execution of)
the Financial Secretary has)
been delegated in accordance with)
Section 4 of the Financial Secretary)
Incorporation Ordinance,)
in the presence of :-)

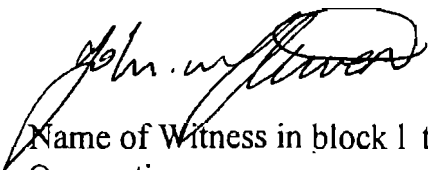
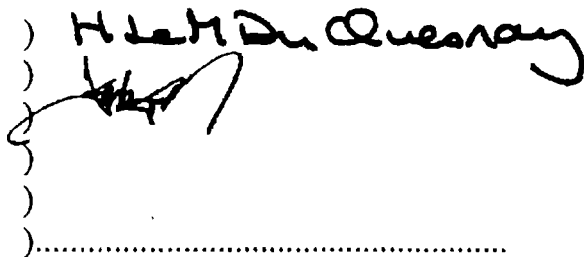


Miss Melinda CHEN
Estate Surveyor
Government Property Agency
Hong Kong

Sealed with the)
Common Seal of the Lessee and)
Signed by)

H ather Du Que nay / W ng Siu Keung)
(Director) (Director))

in the presence of :-)



Name of Witness in block letters: John W. Stewart
Occupation: Head of Facilities Development
Address: 43B, Stubbs Road, Hong Kong

Dated the 21st day of June 2006

.....
The Financial Secretary Incorporated

and

ESF Educational Services Limited
(英基教育服務有限公司)

.....
LEASE

relating to

The School Site in Area N4b at Discovery Bay,
Lantau Island
(The Remaining Portion of Lot 385 in DD352 and
the Extensions thereto)

.....
Lease No. : GPA N404

Rent : HK\$1,000.00

Term : Eight years from 30th day of May 2006
(subject to Clause 5(d) of this Lease).



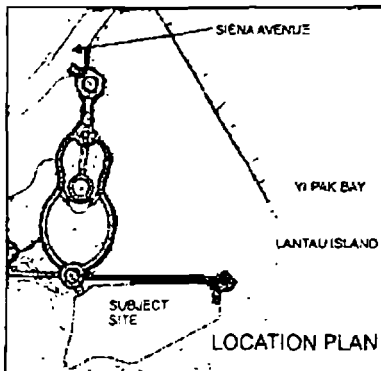
註冊摘要編號 Memorial No.:
06092901550019

本文書於2006年9月29日在土地註冊處
以上述註冊摘要編號註冊。

This instrument was registered in the
Land Registry by the above Memorial
No. on 29 September 2006.

土地註冊處處長
Land Registrar

Government Property Agency
Hong Kong



LEASE NO:
GPA N404

LESSEE:
ESF Educational Services Limited
(英基教育服務有限公司)

PREMISES:
The School site in Area N4b at The Remaining Portion of Lot 385 in DD352 and the Extension thereto, Discovery Bay, Hong Kong

PARTIES	SIGNATURE
LESSOR	<i>[Signature]</i>
WITNESS	<i>[Signature]</i>
LESSEE	<i>[Signature]</i>
WITNESS	<i>[Signature]</i>
DATE	21.6.2006

