



中華人民共和國香港特別行政區政府總部教育局

Education Bureau

Government Secretariat, Government of the Hong Kong Special Administrative Region
The People's Republic of China

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7 May 2020

Clerk to Panel on Education
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Ms Angel WONG)

Dear Ms WONG,

Panel on Education Meeting on 8 May 2020
Questions concerning the agenda item on
“Interest-free loans to four non-profit-making international schools”

In relation to the questions raised by Hon IP Kin-yuen on 5 May 2020 concerning the provision of interest-free loans to four non-profit-making international schools, the responses from the Education Bureau (EDB) are set out below.

In accordance with the prevailing policy, to ensure that there are sufficient international school places to meet the demand from non-local families coming to live in Hong Kong for work or investment, EDB requires school sponsoring bodies (SSBs) applying for allocation of greenfield sites/school premises for the development of international schools to indicate in their proposals the percentage of non-local student intake, which must be over 70% of the total enrolment. The four international schools applying for interest-free loans are bound by this requirement. When the SSBs concerned submitted their proposals under School Allocation Exercises (SAEs), they acknowledged and agreed that the information so provided would only be

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used for the relevant SAEs. We are therefore unable to disclose the minimum proportions of non-local students as committed by individual international schools. The respective proportions of local and non-local students admitted in the 2019/20 school year by the four international schools applying for interest-free loans are at [Annex 1](#).

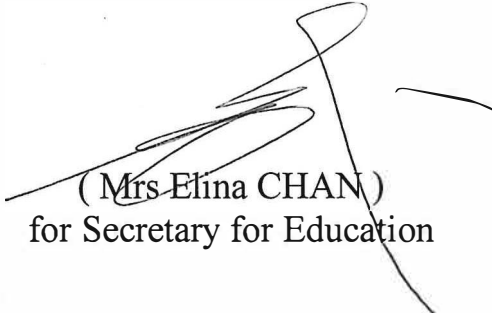
To further diversify the development of international schools in Hong Kong to provide quality education services, we have been encouraging SSBs from overseas and those new to the local international school sector to participate in SAEs for international school development. Among the four international schools concerned, the SSBs of Christian Alliance International School and French International School have years of experience in operating international schools in Hong Kong. Although the SSBs of Malvern College Hong Kong and Shrewsbury International School Hong Kong have no local presence before the greenfield sites were allocated to them, they have close collaborations with Malvern College and Shrewsbury School respectively, both of which are well-established schools in the United Kingdom, to provide support in areas such as curriculum design, school management and professional development to facilitate the setting of the two international schools in Hong Kong. To ensure the education quality of these international schools, the Government has stipulated in the Service Agreements signed with the SSBs concerned that the SSBs shall have the overall operating standard of their schools certified by a recognised accreditation body after their schools have commenced operation. Please refer to [Annex 2](#) for the respective names and the founding year of the SSBs of the schools concerned.

Under the prevailing policy, the international schools, SSBs and school operators allocated with sites or school premises through SAEs must be organisations exempt from tax under Section 88 of the Inland Revenue Ordinance (IRO) in order to obtain approval from the Government for leasing school premises at nominal rent or acquiring greenfield sites at nominal premium for operating international schools. This requirement is stipulated in the Service Agreements (SAs) entered into between EDB and the SSBs concerned. The schools concerned are also required to submit their audited accounts to EDB annually and explain their financial position if there are transactions that are ambiguous or irrelevant to school operation. In addition, the SSBs and school operators must include in their Memorandum and Articles of Association (M&A) standard provisions to ensure that its income and property must be applied solely towards the promotion of objects of the association (one of which shall be to establish and maintain a non-profit-making school or schools), and that no portion of the income and property shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever to members of the association. The four SSBs mentioned above have all signed SAs with the Government with regard to the international schools operating on the sites allocated to them. These SAs stipulate that both the schools and the SSBs shall at all times during the SA terms be exempt from tax by virtue of Section 88 of IRO. The schools have

also submitted their audited accounts annually to EDB as required. Through the SA framework, we will continue to ensure that the schools and the SSBs comply with the requirements in their respective SAs and M&A.

An overview of the fees collected in the 2019/20 school year by the four international schools applying for interest-free loans is at **Annex 3**.

Yours sincerely,



(Mrs Elina CHAN)
for Secretary for Education

**Proportions of local and non-local students
enrolled in the four international schools applying for interest-free loans
in the 2019/20 school year**

School Name	Total number of students	Total number of local students (percentage)	Total number of non-local students (percentage)
Christian Alliance International School	1 411	678 (48.1%)	733 (51.9%)
Malvern College Hong Kong	643	243 (37.8%)	400 (62.2%)
Shrewsbury International School Hong Kong	326	118 (36.2%)	208 (63.8%)
French International School (Tseung Kwan O campus)	805	12 (1.5%)	793 (98.5%)

**Information on the School Sponsoring Body (SSB)
of the four international schools applying for interest-free loans**

School Name	SSB	Founding Year of SSB
Christian Alliance International School	Christian Alliance International School Limited ¹	2013
Malvern College Hong Kong	Malvern College Hong Kong Limited	2012
Shrewsbury International School Hong Kong	Shrewsbury International School Hong Kong Limited	2015
French International School (Tseung Kwan O campus)	French International School “Victor Segalen” Association Limited	1979

¹ Under the 2008 SAE, a greenfield site in Cheung Sha Wan was allocated to the Trustees of the Kowloon Tong Church of the Chinese Christian and Missionary Alliance (KTAC) for the development of a new international school (i.e. CAIS). As KTAC is a statutory organisation and is not empowered to borrow loan from other parties, KTAC transferred the sponsorship of the new international school to Christian Alliance International School Limited (CAIS Limited), which is wholly owned by KTAC, in 2015.

**Fee charges of the
four international schools applying for interest-free loans
in the 2019/20 school year**

School Name	Median of the Tuition Fee (\$)	Other charges (e.g. Debenture, Nomination Right or Capital Levy) (\$.)
Christian Alliance International School	Primary Section:129,620 Secondary Section:172,400	Parent may choose to purchase either (a) or (b): (a) Individual Capital Note <ul style="list-style-type: none"> • 560,000 (for the first child) • 504,000 (for the second child) • 476,000 (for the third child) (b) Annual Capital Levy <ul style="list-style-type: none"> • 28,000
Malvern College Hong Kong	Primary Section:169,600 Secondary Section:192,920	Parent may choose to purchase either (a) or (b): (a) Annual Capital Levy <ul style="list-style-type: none"> • 38,000 (b) Nomination Right <ul style="list-style-type: none"> • 2,400,000
Shrewsbury International School Hong Kong	Primary Section:177,000	Parent may choose to purchase either (a) or (b): (a) Annual Capital Levy <ul style="list-style-type: none"> • 50,000 (b) Capital Certificate <ul style="list-style-type: none"> • 200,000 (standard) • 300,000 (premium)
French International School (Tseung Kwan O campus)	English Stream Primary Section:125,794 Secondary Section:160,760 French Stream: Primary Section:117,522 Secondary Section:136,440	Parent/Company may choose to purchase either (a) or (b): (a) Private Debenture <ul style="list-style-type: none"> • \$90,000 (b) Corporate Debenture <ul style="list-style-type: none"> • \$250,000