

AMENDED AND RESTATED
ARTICLES OF AGREEMENT FOR THE OPERATION OF HONG KONG
INTERNATIONAL SCHOOL

between

THE LUTHERAN CHURCH—MISSOURI SYNOD

and

HONG KONG INTERNATIONAL SCHOOL ASSOCIATION LTD.

The Original Articles of Agreement were made 26 March 1974 and amended and restated 5 September 2002.

Between The Lutheran Church—Missouri Synod, a Missouri nonprofit corporation whose principal place of business is situated at 1333 South Kirkwood Road., St. Louis, Missouri 63122, U.S.A. (hereinafter sometimes called "LCMS"), of the one part and

Hong Kong International School Association Ltd., incorporated in Hong Kong under the Companies Ordinance as a company limited by guarantee and not having a share capital, whose registered office is situated at 6 South Bay Close, Repulse Bay, Hong Kong (hereinafter sometimes called the "Association" or "HKISAL"), of the other part.

Whereas LCMS is desirous of having the directors of HKISAL (the "Board of Managers") manage a school known as Hong Kong International School which is registered with the Hong Kong Education Bureau (hereinafter sometimes called the "School").

NOW IT IS HEREBY AGREED AS FOLLOWS:

I. CONDITIONS FOR THE OPERATION OF THE SCHOOL

The directors of HKISAL shall manage Hong Kong International School in accordance with the following:

A. Objectives and Principles.

1) In managing the School, the Association will emphasize the following major OBJECTIVES:

- a) As a part of the international operations of LCMS, the School will offer a program of Christian education and will serve the community in a manner consistent with the teachings of the LCMS as spelled out in Article II of the constitution of The Lutheran Church—Missouri Synod.

- b) The School will offer an American model and standards of education in Hong Kong. The School will be open to all children meeting the admissions requirement, but, priority will be given to students of greatest need of an English language curriculum based on the American style of education.
- 2) To meet these objectives, the following PRINCIPLES are to be operative in the School and HKISAL shall manage the School in accordance with such principles:
- a) A Mission Statement consistent with the Christian teachings of LCMS will support the objectives of the School and will serve as the guidelines for its program and approaches.
 - b) The School will function under the leadership of a Christian administration. The Head of School shall be a member of the LCMS, and a majority of the senior administrators shall be members of the LCMS or members in good standing in a congregation served by the LCMS.

There will be a strong nucleus of Christian teachers, including graduates from LCMS colleges who are trained as Christian educators.

The faculty, administration, and Board of Managers are to uphold the Christian ethos of the School, and strive to serve in their respective capacities in a manner consistent with the teachings of Jesus Christ.

- c) A program of religious studies will offer the Christian Gospel to the students.

B. Periodic Review of this Agreement.

The Agreement shall be jointly reviewed by the parties every six years, at which time any necessary changes and/or additions may be considered and incorporated by mutual consent in accordance with Section IV.B of this Agreement.

C. Organization: HKISAL and Hong Kong International School Board of Managers.

Hong Kong International School is and shall be registered as a school with the Hong Kong Education Bureau, operating in accordance with the Education Ordinance of Hong Kong. In accordance with the Education Ordinance, the School shall be managed by a Board of Managers, the members of which shall be approved by Hong Kong Education Bureau.

The management of HKISAL, whose directors shall manage the School in accordance with this Agreement, shall remain exclusively in a Committee of Management comprised of the Ex-Officio Members of HKISAL, who are the Board of Managers of the School.

The Ordinary Members of the Association will serve in an advisory capacity and will carry such powers only as may be delegated to them by the Board of Managers.

- 1) Number and classification of members of the Board of Managers of Hong Kong International School:

There will be a minimum of eleven and a maximum of fifteen voting members on the Board of Managers. A majority of the members of the School's Board of Managers shall be members of LCMS (either directly or through membership in Church of All Nations – Lutheran in Hong Kong ("CAN")). Members of the Board of Managers shall fall into the following two categories:

- a) Members by virtue of position:
 - i) The Pastor of CAN, providing he is a member of the LCMS.
 - ii) The Head of School of Hong Kong International School (Supervisor of the School).
- b) Appointed Members:
 - i) Among which, four to six members of a congregation served by the LCMS, sufficient that, taken with the members by virtue of position, the majority of the members of the School's Board of Managers will be members of a congregation served by the LCMS.

2) Method of appointment of Board of Managers.

The pastor of Church of All Nations – Lutheran and the Head of School of the School must be approved by the Hong Kong Education Bureau as members of the Board of Managers.

Appointed members shall be elected by the Board of Managers itself. Election of new members shall be by written ballot and shall require a majority of the votes of the Board of Managers.

3) Term of membership of Board of Managers.

- a) Members by virtue of position.

Members by virtue of position retain their membership without need for re-appointment as long as they remain in their respective offices and otherwise retain the qualifications set forth herein.
- b) Appointed Members.
 - i) Appointed Members shall serve for a period of two years.
 - ii) Members may be appointed for additional terms.
 - iii) Terms of office shall be staggered, with no more than one-half of the positions to expire in any one year.
 - iv) The Board of Managers may elect a new member to fill an unexpired term of vacancy of the Board of Managers.

4) Officers of the Board of Managers.

- a) The Board of Managers shall elect its own officers as may be needed.
- b) Terms of office shall be for one year and are renewable, with the exception of the position of chairman which shall not be filled by the same person for more than three consecutive years.

D. Powers and Liabilities.

The powers of HKISAL are to be exercised only for the benefit of Hong Kong International School and the community it serves. HKISAL shall solely be responsible for all liabilities in connection with the operation of the School and shall carry sufficient liability insurance with respect to the School (as determined in good faith by the Board of Managers). For so long as LCMS is the lessee ("Lessee") on one or more of the Repulse Bay Leases (as defined below), LCMS shall be named as an additional insured but only to the extent of any liability claims made by independent third parties against LCMS as Lessee. HKISAL shall provide LCMS with an annual certificate with respect thereto. HKISAL hereby agrees to defend, indemnify and hold harmless LCMS against any and all claims, demands, suits, settlements, damages, losses, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, paid or incurred by, or asserted against LCMS arising out of or in connection with HKISAL's operation of the School.

Repulse Bay Property Leases shall mean that (a) Lease of Rural Building Lot No. 870 (No. 6 South Bay Close) dated 22nd January 1969 and (b) Conditions of Grant RBL No. 911 (South Bay Close) with a term from 1st April 1967.

E. Acquisition, Maintenance and Replacement of Personal Property.

Notwithstanding anything to the contrary contained herein or in the HKISAL Memorandum of Association (the "HKISAL Memorandum") and HKISAL Articles of Association (the "HKISAL Articles"), the parties hereto acknowledge that the personal property and chattels used in the operation of the School stand solely in the ownership of HKISAL and as such HKISAL shall be solely responsible for the upkeep, maintenance and replacement of such property and for all liabilities sustained in the use of such property and chattels in the course of the operation of the School. The parties hereto shall take any and all such action as may be reasonably necessary or appropriate to reflect such property ownership rights.

F. Financial Autonomy of the Association.

HKISAL shall be solely responsible for the management of the finances of the School, and in that regard shall enjoy full autonomy. For the avoidance of doubt, any constraints, restrictions or encumbrances on the autonomy of HKISAL, or its board, with respect to its finances, including but without limitation to the borrowing of money, the acquisition of real or personal property in whatever manner, or otherwise, contained in the HKISAL Memorandum and HKISAL Articles, both as amended by Special Resolution passed on 4th June 2001, shall be considered of no effect whatsoever.

G. Reports to the LCMS.

The annual budget and annual audit of the financial statements for the School as well as copies of the minutes of the Board of Managers meetings, annual lists naming the members of the Board of Managers and their affiliations, the insurance certificate referenced in Section I.D hereof and other pertinent and requested information will, on an annual basis, be sent to the Office of International Missions, to the attention of the Chief Mission Officer, of the LCMS, in St. Louis, Missouri.

H. Head of School.

The Head of School of Hong Kong International School shall be officially called/appointed by the Board for International Missions of the LCMS in consultation with the Board of Managers of the Association. He/she is a missionary of the LCMS.

The Head of School shall be directly responsible to the Board of Managers of the School, but he/she shall also maintain an ultimate responsibility to the Board for International Missions of the LCMS. In particular, he/she is designated as the individual responsible that the School reaches toward fulfillment of its purposes as stated in this Agreement and in the Mission Statement of the School.

I. Teachers/Administrators.

Teachers and administrators requested and recommended by the Head of School from among professional workers in the LCMS shall be issued calls and/or appointments by the Board for International Missions of the LCMS, provided, however, that such teachers and administrators shall not be considered employees or agents of the LCMS; and HKISAL and the School shall be responsible for all compensation and benefits with respect thereto.

II. SUPPORT

The LCMS pledges its support to HKISAL in the operation of the School as follows:

- A. By providing from time to time such direct non-pecuniary support as may be possible.
- B. By offering, through its respective Boards and Departments technical, advisory, resource, and other assistance, as possible, particularly in such areas as retirement programs, recruitment and screening of teachers and administrators, expatriation and repatriation of teachers and administrators, and assistance to teachers and administrators in obtaining calls upon the conclusion of their terms at the School.

III. LIAISON AND FURTHER AGREEMENT

Liaison between HKISAL and the LCMS is to be carried on between the Head of School and a duly appointed representative of the Office of International Mission of the LCMS. HKISAL and the LCMS shall cooperate to effect changes to the HKISAL Memorandum and HKISAL Articles,

as the parties mutually determine may be necessary or appropriate from time to time to reflect the terms of this Agreement in accordance with Section IV.B hereof.

IV. LIMITATIONS RELATIVE TO THIS AGREEMENT

A. At all times, the terms of this Agreement shall be subject to:

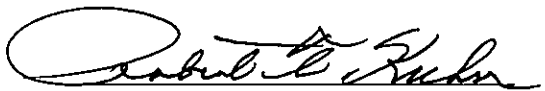
- 1) The conditions of the Land Grant by private treaty between the Government of the Hong Kong Special Administrative Region and the LCMS, regulating the use of the land on which the School is located.
- 2) The Education Ordinance of Hong Kong, as amended from time to time ("Education Ordinance"), under which Hong Kong International School is a registered school of Hong Kong Education Bureau.
- 3) If any provisions in this Agreement conflict with the Education Ordinance, the Education Ordinance shall govern.

B. No provision of the HKISAL Memorandum or HKISAL Articles or of this Agreement may be added to, modified, or deleted without prior written approval by the parties hereto. Any approval of the LCMS shall be subject to the prior written approval of the Board of Directors of the LCMS, upon recommendation of the Board for International Mission of the LCMS.

C. Should HKISAL knowingly violate the articles of this Agreement, the Board of Directors of the LCMS shall have the option to terminate this Agreement following full study and discussion of this matter with the Board of Managers.

D. This Agreement, together with the relevant terms of the HKISAL Memorandum and the HKISAL Articles, represents the whole agreement between the parties hereto and supersedes all other agreements and writings as between them.

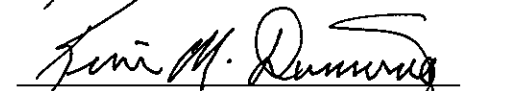
Updated and reviewed:


Chairman, Board of Directors
The Lutheran Church—Missouri Synod


Chief Mission Officer
The Lutheran Church—Missouri Synod

Date: 2 / 27 / 13


Chair, Board of Managers
Hong Kong International School


Head of School, for the Board of Managers
Hong Kong International School

Date: 4 / 23 / 13