

**Standard Text**  
**First SMC SA for turned DSS schools**

**THIS SMC SERVICE AGREEMENT** is made on the [Day] Day of [Month] [Year].

**PARTIES :**

- (1) **THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION** as represented by the Permanent Secretary for Education of 11/F, East Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong (hereinafter referred to as the “Government”); and
- (2) **[NAME OF THE SCHOOL MANAGEMENT COMMITTEE COMPANY]**, a company incorporated under the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) whose registered office is situated at **[Address]** (hereinafter referred to as the “SMC”).

**RECITALS :**

- A. The Government had accepted the application submitted by **[SSB]** (“SSB”) for admission of the School to the DSS with effect from **[Commencement Date]**.
- B. By an agreement dated **[Signing Date]** (“SSB Service Agreement”) made between the Government and **[Name of SSB]** (“the SSB”), the Government and the SSB agreed to (among other things) perform certain duties and obligations in relation to the School on the terms and conditions therein contained.
- C. The SMC has submitted for the Government’s approval a Proposed School Development Plan setting out the plan on how the School shall be operated and what performance targets the SMC shall achieve.
- D. The Government has approved the SMC’s Proposed School Development Plan.
- E. The Government and the SMC agree to incorporate the School Development Plan into this Agreement.

- F. **The Government shall enter into the Tenancy Agreement with the SMC and grant a tenancy of the School Premises to the SMC.**
- G. In pursuance of the above, the parties agree to the terms and conditions set out herein.

## **OPERATIVE PART :**

### **1. Definitions and Interpretation**

- 1.1 In this Agreement, unless the context otherwise requires, the following expressions have the following meanings :-

Agreement means this SMC Service Agreement including the Schedules attached hereto.

Commencement Date means [Date], being the date on which the School pursuant to Clause 5.7 commenced running classes.

Conditions means the conditions for admission of the School to the DSS, the details of which are set out in Schedule I attached hereto, as the same may be amended or supplemented from time to time by mutual agreement in writing between the Government and the SSB.

DSS means the Direct Subsidy Scheme under which the Government subsidizes selected schools based on their enrolment and in accordance with the terms and conditions specified by the Government, which may be amended or supplemented by the Government from time to time, and subject thereto allowing participating schools in the scheme maximum freedom with regard to curriculum, fees levels and admission

of students.

Education Bureau means the Education Bureau of the Government.

Hong Kong means the Hong Kong Special Administrative Region of the People's Republic of China.

Land Lease means [identification number of the land lease].

Management Committee means the management committee (as defined in Section 3 of the Ordinance) in respect of the School

Memorandum of Association and Articles of Association means the memorandum of association and articles of association of the SMC which are registered with the Registrar of Companies.

month means a calendar month.

Ordinance means the Education Ordinance (Cap. 279 of the Laws of Hong Kong).

Performance Targets means any or all performance targets contained in the School Development Plan to be achieved by the SMC pursuant to Clause 5.9.3, as amended or supplemented from time to time, by the parties to this Agreement.

Permanent Secretary means the Permanent Secretary for Education of the Education Bureau and includes any public officer to whom the Permanent Secretary for Education has delegated his authority for the purposes of this Agreement.

person includes any individual, corporation, firm and unincorporated body.

Principal	means the principal of the School.
Proposed Plan of Joining the DSS	means the proposed plan submitted by the SSB to the Government in connection with the SSB's application for admission of the School to the DSS (including its amendments and supplements) as accepted by the Government, a copy of which is at Schedule II attached hereto.
Proposed School Development Plan	means the proposed school development plan submitted by the SMC to the Government for approval within six months after the commencement of the School operation under the DSS.
Regulations	means the Education Regulations (Cap. 279A of the Laws of Hong Kong).
School	means the [primary/secondary] school under the DSS, which is registered with the Education Bureau pursuant to the Ordinance and named [School Name] operated by the SMC.
School Development Plan	means the Proposed School Development Plan (including its amendments and supplements, if any) as approved by the Government, a copy of which is at Schedule III attached hereto, as may be amended or supplemented by the parties to this Agreement by mutual agreement in writing from time to time.
School Premises	means the school premises at [address].
Tenancy Agreement	means the tenancy agreement in respect of the school premises to be entered into between the Government and the SMC pursuant to Clause 4.1 hereof.

Trainee Teachers means students undertaking teacher training courses in local tertiary institutions.

year means a calendar year.

1.2 Any reference in this Agreement to any ordinance shall include a reference to any subsidiary legislation made under such ordinance and any reference to any ordinance or any subsidiary legislation shall include a reference to any statutory re-enactment thereof or any modification thereof for the time being in force.

1.3 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.

1.4 In the event of any conflict between the main body of this Agreement and the Schedules attached to this Agreement, the main body of this Agreement shall prevail. In the event of any conflict between the provisions of this Agreement and the provisions of the Ordinance, the provisions of the Ordinance shall prevail. In the event of any conflict between Schedule I and Schedule IV of this Agreement, Schedule I shall prevail.

## **2. Term**

2.1 This Agreement shall be deemed to have come into effect on the Commencement Date and end on 31 August of the year in which the 10<sup>th</sup> anniversary of the Commencement Date takes place (both days inclusive), subject to earlier termination (if any) in accordance with the provisions of this Agreement.

2.2 This Agreement shall automatically terminate upon expiry of the term of this Agreement. The SMC may request renewal of this Agreement by giving a written notice of such intention to the Government not less than 15 months prior to the expiry of the term of this Agreement. Subject to the Government's prevailing policy and the Government being satisfied with the performance of the School, this Agreement may be renewed for a five-year term or such other term at the sole discretion of the Government.

## **3. Consideration**

In consideration of the Government **agreeing to continue to grant a tenancy of the School Premises at a nominal rent to the SMC and** providing financial subsidy, assistance and support to the SMC in accordance with the Government's prevailing education policy and subject to the terms and conditions of this Agreement, the SMC hereby agrees and undertakes to operate and manage the School as a non-profit making **[primary/secondary]** school in accordance with this Agreement, the Ordinance, the Regulations and such other requirements as specified from time to time by the Government.

#### **4. Grant of Tenancy, Financial Subsidy, Other Assistance and Support**

##### **4.1 Grant of tenancy**

4.1.1 Simultaneous with the execution of this Agreement or as soon as reasonably practicable upon the execution of this Agreement, the Government shall enter into a Tenancy Agreement with the SMC and grant a tenancy of the School Premises (including standard built-in fixtures) to the SMC.

4.1.2 The SMC shall be responsible for any deposits required for electricity, water, gas or other utilities with the School's own funds.

##### **4.2 Financial subsidy**

4.2.1 The Government may provide recurrent and/or non-recurrent financial subsidy to the SMC subject to the terms and conditions of this Agreement and the Government's prevailing education policy.

4.2.2 The SMC shall apply the subsidy for the designated purpose in accordance with the DSS and circulars issued by the Education Bureau from time to time.

##### **4.3 Other assistance and support**

The Government may provide to the SMC such assistance and support as the Government sees fit and necessary in accordance with the Government's prevailing education policy and the DSS with a view to helping the SMC to manage and operate the School.

## **5. SMC's Obligations**

The SMC hereby covenants with continuing effect until termination of this Agreement the following :-

### **5.1 Object of the SMC**

The object of the SMC shall be for the sole purpose of advancement of education by managing and operating the School in accordance with this Agreement.

### **5.2 Amendment of memorandum of association and articles of association**

The SMC shall make no addition, alteration, and/or amendment to its memorandum of association and articles of association, unless such change(s) has/have previously been endorsed by Government in writing.

### **5.3 Roles and responsibilities of the SMC**

5.3.1 The SMC shall ensure that the School is managed and operated by the Management Committee.

5.3.2 The SMC shall procure that the Management Committee shall comply with the provisions in the Ordinance.

### **5.4 Composition of the Board of Directors of the SMC**

The members of the SMC shall be the same persons as the directors of the SMC and the same persons as the members of the Management Committee.

### **5.5 Composition of the Management Committee**

5.5.1 The Permanent Secretary may issue such guidelines and directions on the composition of the Management Committee as the Permanent Secretary sees fit. The SMC shall at all times comply with the aforesaid guidelines and directions.



5.5.2 The composition of the Management Committee and the appointment of school managers shall be subject to the requirements of the Ordinance and any requirements as may be specified by the Permanent Secretary.

5.5.3 Subject to Clause 5.5.2, the Management Committee shall comprise the principal, representatives from the SSB, parents, teachers, other community members / professionals and, where appropriate, alumni.

## 5.6 School premises

### 5.6.1 Furniture and equipment

The SMC shall furnish, maintain and equip the School to standards not lower than those for aided schools as specified in the document entitled "Reference List of Furniture and Equipment for [Primary/Secondary] School adopting Standard Schedule of Accommodation" or such other relevant documents issued by the Education Bureau.

### 5.6.2 Availability of the school building and facilities

Subject to any physical limitation which cannot reasonably be expected to be removed or resolved by the SSB and/or the SMC, the buildings and facilities of the School and the School Premises shall upon the Government's request be made available by the SMC to the Government and/or any other persons as may be approved by the Government for conducting public examinations, or operating other schools on a temporary basis or organising educational, community or other activities as the Government deems fit (including without limitation polling activities). Charges may be levied with reference to the schedule of charges as announced in the latest circular issued by the Government.

5.6.3 **The SMC shall be responsible for any deposits required for electricity, water, gas or other utilities with the School's own funds.**

## 5.7 Commencement of operation

The SMC confirms that it has operated the School under the DSS with effect from the Commencement Date and agrees that it shall continue to so operate

the School.

5.8 Proposed Plan of Joining the DSS and Conditions

Subject to Clause 5.9, the SMC shall carry out all duties and obligations imposed on the Management Committee as specified in the Proposed Plan of Joining the DSS and Conditions.

5.9 School Development Plan and Performance Targets

5.9.1 The SMC shall implement the School Development Plan.

5.9.2 The SMC and the Government shall negotiate in good faith if the Government proposes any addition, alteration or amendment to the School Development Plan. In the absence of agreement between the parties on the Government's proposal, the SMC shall implement the Government's proposal.

5.9.3 The SMC shall achieve the Performance Targets.

5.10 Principal and staff

The SMC shall appoint or remove the Principal or other staff of the School in accordance with the Ordinance, the Regulations and such other requirements as specified from time to time by the Government.

5.11 Parent-teacher association

The SMC shall work closely with the parent-teacher association of the School.

5.12 Trainee teachers

The SMC shall facilitate, whenever possible, teaching practicum for Trainee Teachers upon the request of local teacher education providers.

5.13 Admission of students

The SMC shall admit students to the School in accordance with the criteria as laid down in the School Development Plan.

5.14 Scholarship schemes and financial assistance

The SMC shall provide appropriate scholarship schemes and/or other financial assistance for deserving students in accordance with the rules and regulations set out in Schedule IV hereto.

5.15 Implementation of education policy

The SMC shall implement the prevailing education policy applicable to DSS schools as may be specified from time to time by the Government.

5.16 Agreement between the SMC and the SSB

The SMC shall enter into a legally binding agreement with the SSB to ensure that the School will be operated in accordance with this Agreement, the Ordinance, the Regulations and such other requirements as specified from time to time by the Government.

**6. Assessment of Performance**

6.1 At any time during the term of this Agreement, the Government may conduct at any intervals reviews :-

- (a) of the quality of education provided at the School;
- (b) to ascertain whether the School is being operated and managed to the standard as specified in the School Development Plan;
- (c) to ascertain whether the provisions of this Agreement are being complied with; and
- (d) on the School's self-evaluation.

6.2 Without prejudice to the generality of Clause 6.1, the Government shall conduct a comprehensive review of all areas of the School, which shall

include those specified in Schedule V hereto, after five years from Commencement Date, or on a periodic basis as the Government may think fit.

- 6.3 For the purposes of Clauses 6.1 and 6.2 above, the SMC shall fully cooperate with the Government and shall grant such access to its premises, books and records as may be requested by the Government to enable the Government and its authorised representatives to carry out such reviews.
- 6.4 The assessment mentioned above will primarily take into account the Performance Targets and the School's self-evaluation.
- 6.5 If at any time the SMC fails to comply with any provisions of this Agreement or manage or operate the School in conformity to the standard set out in the School Development Plan, the Government or the Permanent Secretary may without prejudice to its/his rights and powers under this Agreement or the Ordinance :-
- (a) require the SMC to draw up and implement an action plan to overcome identified problems or to achieve the Performance Targets within the period as the Government or the Permanent Secretary may specify, provided that the specified period shall not be less than one month;
  - (b) monitor the progress of implementation and the achievement of the Performance Targets;
  - (c) conduct follow-up inspections during and/or after the period specified under paragraph (a) above.
- 6.6 If the Government considers that the SMC has failed to comply with Clause 6.5, the Government or the Permanent Secretary may, without prejudice to its/his rights and powers under the Ordinance :-
- (a) appoint managers in accordance with Section 41 of the Ordinance; and/or
  - (b) decide not to renew this Agreement by :-
    - (i) giving the SMC nine months' notice before this Agreement

- expires; or
- (ii) (if that agreement will expire in less than nine months' period) giving the SMC prior notice and the Government may in its discretion determine the notice period; and/or
- (c) terminate this Agreement at any time before the expiry of this Agreement by :-
- (i) giving the SMC nine months' notice in writing; or
  - (ii) (if that agreement will expire in less than nine months' period) giving the SMC prior notice and the Government may in its discretion determine the notice period; and/or
- (d) take any other measures as it/he thinks fit.

6.7 For the purposes of this Clause 6, the expression "review" includes without limitation inspections and assessments; and "self-evaluation" means the annual self-evaluation to be conducted by the School with respect to the achievement of the Performance Targets.

## **7. Termination**

7.1 The Government shall be entitled to terminate this Agreement if the SMC shall fail to (a) achieve the Performance Targets; (b) manage or operate the School in accordance with the terms and conditions of this Agreement; or (c) comply with any terms and conditions of this Agreement.

7.2 This Agreement shall automatically terminate if :-

- (a) the term of this Agreement has expired and the Government has not renewed this Agreement; or
- (b) the SSB Service Agreement is terminated (howsoever occasioned); or
- (c) the Tenancy Agreement is terminated (howsoever occasioned); or
- (c) the Land Lease is terminated (howsoever occasioned); or
- (d) the SSB or the SMC goes into liquidation (other than a voluntary

liquidation for the purpose of a bona fide amalgamation or reconstruction whilst the SSB or the SMC (as the case may be) is solvent) or any corporate action or any other steps been taken or legal proceedings (save for any such legal proceedings commenced by a third party which are frivolous or vexatious, have no reasonable cause of action or which are being contested in good faith by appropriate proceedings and, in each case, which are discharged within 120 days) been started against the SSB or the SMC for its winding-up, dissolution or re-organization (whether by voluntary arrangement or otherwise) or if a liquidator, receiver, administrator, trustee or similar officer is appointed over all or any businesses or assets of the SSB or the SMC; or

- (e) the SMC is dissolved in accordance with the provisions of the Ordinance.

7.3 The Government and the SMC may by mutual agreement in writing terminate this Agreement at any time.

7.4 Upon termination of this Agreement, the Government may at its sole discretion terminate the Land Lease in accordance with the provisions therein and/or cease to provide financial subsidy, assistance and support to the SMC under this Agreement, the Conditions and the DSS.

## **8. Assignment and Consequences of Termination**

8.1 The SMC shall not assign, transfer, sub-contract, license or otherwise dispose of any or all of its interests, rights, benefits or obligations under this Agreement without the prior written approval of the Government.

8.2 On the expiration or termination (howsoever occasioned) of this Agreement :-

- (a) all rights and obligations of the parties under this Agreement shall automatically terminate except for such rights of actions as shall have accrued prior thereto and any obligations which expressly or by implication are intended to come into or continue in force on or after such expiration or termination;

- (b) the SMC shall, upon the Government's request, (i) provide the Government with information relating to all or any contracts entered into by the SMC so as to enable the Government to ensure smooth operation of the School; (ii) assign to or, as the case may be, procure the assignment to, the Government (or its nominees) the rights of the SMC in all or any such contracts entered into by the SMC at the SMC's own cost and expense; and (iii) do and execute any further things and documents (or procure that the same be done or executed) as may be required by the Government to give full effect to subparagraph (ii) and shall provide all such documents and materials to the Government within 14 days of the date of the Government's request.

8.3 Upon the expiration or termination (howsoever occasioned) of this Agreement, the Government may immediately take over the operation of the School and the SMC shall ensure that all students of the School shall remain enrolled in the School by then if the students so request.

8.4 The Government shall not be liable to the SMC or any other person under any circumstances whatsoever for any losses, damages, costs, expenses or liabilities incurred or sustained by the SMC or any person in relation to the non-renewal or termination (howsoever occasioned) of this Agreement.

8.5 The SMC shall immediately upon the expiration or termination (howsoever occasioned) of this Agreement:

- (a) settle all outstanding debts and liabilities up to and including the date of the termination of this Agreement and make good any accumulated deficits and upon the Government's request, provide promptly the Government with documentary evidence in respect of such settlement to the satisfaction of the Government;
- (b) refund to the Government all unspent government recurrent and non-recurrent subsidy or such portion of the unspent subsidies as assessed by the Permanent Secretary;
- (c) transfer to the Government at the SMC's own cost and expense all

assets and inventories purchased with government subsidies or funds generated by the School.

- 8.6 For the avoidance of doubt, the Permanent Secretary's assessment for the purposes of Clause 8.5(b) above shall be conclusive and binding on the SMC; and for the purposes of Clause 8.5(c) above, all assets and inventories of the SMC shall be deemed to have been purchased with government subsidies or funds generated by the School unless the contrary is proved by the SMC to the Government's satisfaction.
- 8.7 If this Agreement is terminated by the Government pursuant to Clause 7, without prejudice to any of the Government's other rights and remedies, the Government may require the SMC to repay immediately to the Government any and all amounts of financial subsidy, assistance or support provided by the Government pursuant to this Agreement which have not been defrayed, applied or used, or whose application or use has not been controlled, monitored or supervised, by the SMC, strictly in accordance with the terms and conditions of this Agreement.
- 8.8 Notwithstanding anything provided in this Agreement to the contrary, if any event provided in Clauses 7.1(a) to (c) occurs, the Government reserves the right (a) not to terminate this Agreement and (b) to require the SMC to comply with Clause 8.2(b), Clause 8.5 and/or Clause 8.7.

## **9. Relationship of the Parties**

The SMC enters into this Agreement with the Government as an independent contractor only and shall not represent itself as an employee, agent, partner or servant of the Government.

## **10. Amendments and Entire Agreement**

- 10.1 Subject to the provisions of this Agreement, the provisions of this Agreement shall not be waived, amended or supplemented except by a written instrument signed by each of the parties hereto.
- 10.2 This Agreement constitutes the entire agreement between the parties and supersedes all previous agreements, arrangements or understandings between



them relating to the subject matter hereof. The SMC acknowledges and agrees that it has not relied on any statements, undertakings, warranties or representations given or made by the Government relating to the subject matter hereof, save for those statements, undertakings, warranties or representations expressly set out in this Agreement.

**11. Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong.

**12. Service of Notice**

All notices which are required to be given hereunder shall be in writing and shall be sent to the address of the recipient set out in this Agreement or such other addresses as the recipient may designate by notice given in accordance with this Clause. Any such notice may be delivered by hand or by pre-paid letter or email or facsimile and shall be deemed to have been served by hand when delivered, if by post 48 hours after posting, if by email when actually received in a form readable by an individual and if by facsimile when dispatched.

**13. Waiver**

No failure by either party to exercise and no delay by either party in exercising any right or remedy available to it under this Agreement or in law or equity shall operate as a waiver of such right or remedy nor shall any single or partial exercise of such right or remedy preclude any other or further exercise thereof; nor shall any such failure to exercise, or delay in exercising, or single or partial exercise of any such right or remedy preclude the exercise of any other right or remedy; and the rights and remedies of each party herein contained shall be cumulative and not exclusive of any other rights or remedies provided by law or in equity.

**14. Saving**

Nothing in this Agreement shall be taken to restrict, derogate from or

otherwise interfere with any powers, discretions or duties, or the exercise or performance of any powers, discretions or duties, conferred or imposed by or under any law upon the Government, any Government bureau or department or any public officer or other person in the employ of the Government.

**15. Severability**

If any provision in this Agreement shall be or be found by any authority of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, which shall remain in full force and effect.

**SCHEDULE I**

**Conditions for Admission of the School to the DSS**

**SCHEDULE II**

**Proposed Plan of Joining the DSS**

**SCHEDULE III**

**School Development Plan**

**SCHEDULE IV**

**Rules and Regulations Concerning the Provision of  
Scholarship Schemes and/or Other Financial Assistance**

## SCHEDULE V

### Areas of the School to be Reviewed by the Government for the Assessment of Performance of the School

#### (I) Management and Organisation

##### 1. *School Management*

- Planning
- Implementation
- Evaluation

##### 2. *Professional Leadership*

- Leadership and Monitoring
- Collaboration and Support
- Professional Development

#### (II) Learning and Teaching

##### 3. *Curriculum and Assessment*

- Curriculum Organisation
- Curriculum Implementation
- Performance Assessment
- Curriculum Evaluation

##### 4. *Student Learning and Teaching*

- Learning Process
- Learning Performance
- Teaching Organisation
- Teaching Process
- Feedback and Follow-up

#### (III) Student Support and School Ethos

##### 5. *Student Support*

- Support for Student Development
- School Climate

##### 6. *Partnership*

- Home-school Cooperation
- Links with External Organisations

#### (IV) Student Performance

##### 7. *Attitude and Behaviour*

- Affective Development and Attitude
- Social Development

##### 8. *Participation and Achievement*

- Academic Performance
- Non-academic Performance

IN WITNESS WHEREOF this Agreement has been entered into and executed under hand in two originals the date first before written.

SIGNED for and on behalf of the Government of  
the Hong Kong Special Administrative Region

By \_\_\_\_\_

Signature \_\_\_\_\_

Title Principal Assistant Secretary (School Development)

Witness \_\_\_\_\_  
( )

SIGNED for and on behalf of  
the School Management Committee of [School Name]

By \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Witness \_\_\_\_\_  
( )