



Yau Yat Chuen Garden City Club Ltd.
又一村花園俱樂部有限公司

12 December, 2022

Dear Members.

Report Latest Situation of Disparity in Members' Voting Rights and Government Lease Extension

In response to a letter from the Culture, Sports and Tourism Bureau (CSTB) expressing its views on the disparity in members' voting rights and the extension of Government Leases, and requesting us to submit a work plan by November 2022.

Regarding the importance and urgency of the matter, the General Committee of the Club has taken the following arrangements:

1. The Club has engaged legal advisor to study the Government's views on its position;
2. Letters were sent to members on Tuesday, November 1, briefing the background information of the matter and listing the summary of the points on various perspectives provided by our legal advisor;
3. The Club launched a survey to collect members' views on the proposal of changing the current voting rights assignment to "one member, one vote" arrangement, and about 90% of the members who have responded to the survey were mostly in favor of changing the current assignment to "one member, one vote";
4. At the General Meeting held on Wednesday, November 16, Ordinary Members, Senior Members and Founder Members were invited to express their views on the matter, and the majority of them generally agreed to support and favored the change of the current voting rights assignment. In addition, at the meeting, the Club's legal advisor pointed out that the Club is required to collect a general consensus amongst all classes of members, including Founder Members, Senior Members, Ordinary Members and Company Members, and under the Company Law also collect written consent from a majority of 75% of the members of the class of Founder Members and of the class of Senior Members or to hold the separate General Meetings of that class of members at which not less than 75% of the votes cast at the meeting support the resolution, before another Extraordinary General Meeting of all the Members be held for the corresponding amendments to the Articles of Association;



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5. Given the pressing schedule, the Club has sent out a reply letter to CSTB before 30 November regarding the arrangement of a tentative work plan which is required to submit for improving the disparity in voting rights. The Bureau has made it clear to the Club that a fair arrangement of voting rights is in line with good corporate governance, and the effective corporate governance is one of the factors that the Bureau will take into account when considering the further lease renewal of the Club upon its expiration in 2026. A fair and reasonable assignment of voting rights will ensure that the rights of all members are protected and all individual members can carry due weight that they deserve. If the Club fails to improve its corporate governance in the context of voting rights, the sufficiency of merits for the renewal of the lease would be adversely affected.

A reply letter to the CSTB, drafted by the legal advisor, is attached for your information.

Yours sincerely,

Yu Kwok Chun

Chairman



Yau Yat Chuen Garden City Club Ltd.
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29 November 2022

Your Ref: CSTB S&R 4022/75 II

CULURE, SPORTS AND TOURISM BUREAU
13th Floor, West Wing Central Government Offices
2 Tim Mei Avenue
Tamar Hong Kong

Dear Miss Dorothy Cheung,

Survey on Governance of Lessees of Private Recreational Leases

We refer to your letter to our Chairman Dr. Yu Kwok Chun GBM, GBS, JP dated 27 September 2022, and would reply as follows.

We would like to inform that our Club has 826 Senior Members (who have a voting right of 10 votes), 533 Ordinary Members and 76 Company Members (who have the voting right of 1 vote) and only 28 Founder Members (who have a voting right of 20 votes), totalling 1,463 members. As time goes by, the number of Senior Members has been and will be gradually increasing. It is therefore expected that in the foreseeable future, the number of Senior Members alone will constitute an increasing majority of the total number of our members.

In any event, as you have in your letter stressed that even after having regard to the history, members' mix and operation and management needs, you still considered that there are strong merits of improving the existing arrangement, our General Committee has, after urgently sought the views of our members, seriously considered your request made in the context of lease renewal, resolved to change and reduce the voting rights of the Founder Members and the Senior Members to one vote. The intended change is still subject to the approval of the Director of Lands and the Registrar of Companies, the requisite consent obtained from or resolutions passed by the relevant classes members separately, as well as the passing of special resolutions in a general meeting of all the members.

We would like to submit our tentative work plan is as follows:

December 2022

Favourable reply from CSTB received

January 2023

Drafting of proposed amendments to the Articles of Association commences

General Committee promotes among its members the intended change of voting rights as well as any consequential changes to the Club's Articles of Association



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February to March 2023

General Committee's approval of the draft amended Articles of Association

Submission of the draft to CSTB, Directors of Lands and Registrar of Companies for approval
March to May 2023

Receive and synchronize comments from the three Government departments to the draft and submit final draft for their approval

May to June 2023

Receive formal approval from all relevant Government departments

Arrange for separate general meetings of different classes of members as appropriate and of all members for the approval of change of class right and approval of alteration of Articles of Association as per the version approved by the Government.

July to August 2023

General meetings held.

You may note that we have assumed that all the three government departments accepts our simultaneous submission of the draft amended Articles of Association, and would separately respond thereto without having to wait for the response of other departments. The above work plan, which projects completion of the change in August 2023, is prepared on a relatively tight schedule to allow some buffer of time (September to December 2023) as we would not be over optimistic to expect approval be granted upon the first submission without any comments or counter proposed amendment from any of the departments. The meeting of the deadline you set for the completion of the change depends also on the timely responses from the Government departments including yours. We hope that we would receive the Government's understanding, cooperation and assistance.

Yours faithfully,

Yu Kwok Chun
Chairman
For and on behalf of
Yau Yat Chuen Garden City Club Limited