

THE SARAWAK CLUB

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Preamble

Dear fellow Members of The Sarawak Club,

1. There are four Motions which the Management Committee will present to the members. The Motions are meant to ensure the continued financial viability of our Club in the medium to long term.
2. The Club's membership limit is 4,000 members (re: Club Rule 6.2.1). This limit can only be changed by a resolution by the members. However, the Management Committee is of the opinion that the 4,000 limit is a sound and reasonable limit based on the present capacity of the club. Increasing this limit opens up the possibility of overcrowding in the absence of substantial increase in capacity.
3. As of 01 July 2020, we have 3,667 Ordinary and Corporate memberships. The remaining unsubscribed memberships have been assigned to Junior Members converting to Ordinary members and sale of Corporate Memberships. In 2019, there were 54 junior conversions which generated much needed income of RM459,000. Based on this number of junior conversions, we can expect to exhaust our remaining unsubscribed memberships in roughly 6 years.
4. Based on financial year 2019, the Club would have run a deficit of RM355,000 if we do not take into account the income from junior conversion.
5. While the Club has accumulated reserves, these reserves are needed to ensure that we have sufficient funds to rely on such as during the recent Covid-19 pandemic lockdown and the continued economic recession we are faced with as well as to expend on capital expenditure for repair and upgrading works on our facilities.
6. As a responsible Management Committee, we need to ensure that we do not rely on a non-sustainable source of funding to fund recurring operational expenditure.
7. In anticipation of this scenario, the Management Committee has considered many different options available to make up for this future income lost. The most direct way would be to raise the monthly subscription but we are always mindful of keeping monthly subscription affordable to members to maintain their membership of the club particularly in the present economic situation.
8. In fact, the last increment in monthly membership subscriptions was in 2010 rendering the current Member Subscription at RM70 per month. By way of comparison, the monthly membership subscription of various private clubs in Malaysia is as follows:
 - a) Kelab Golf Sarawak RM120
 - b) Samarahan Country Club RM100

c) Royal Selangor Club	RM150
d) Royal Lake Club	RM155
e) Penang Club	RM150
f) Penang Sports Club	RM130

9. Over the last ten (10) years, the Club's financial condition has improved significantly. The Net Tangible Asset of the Club has increased from RM18.8 million in 2010 to RM27.3 million in 2019. Over that period, there has been a marked improvement in the demand for our club memberships as well as in the transacted sum for our club memberships. The recently completed renovations have added to the appeal in our membership.

10. Premised on the above, the Management Committee proposes to implement the following changes (a) revising the Entrance Fee for Ordinary Membership from RM28,000 to RM40,000, (b) revising the Transfer Fee from RM2,500 to RM4,000; and subject to your approval of the following Motions:

- (1) To amend Rule 22.1.2 to revise the range of the Extension Licence Fee for Term Member from RM1,500.00 to RM3,000.00 to RM3,000.00 to RM8,000.00.
- (2) To amend Rule 22.1.3 to revise the range of the Entrance Fee for Corporate Member from RM35,000.00 to RM60,000.00 to RM100,000.00 to RM150,000.00.
- (3) To amend Rule 23.1.2 (c) for the General Meeting to fix the subscription fee for Absent Members as follows:-
 - i. From January 2021: RM50 per month
 - ii. From January 2022: RM60 per month
 - iii. From January 2023: RM70 per month; and
- (4) To amend Rule 7.8.7 to revise the floor fee of the Junior Conversion Fee from RM8,000.00 to RM12,000.00.

We believe the above will enhance the value of our membership, promote equality among our members and at the same time raising the bar for the club to welcome quality members into the club.

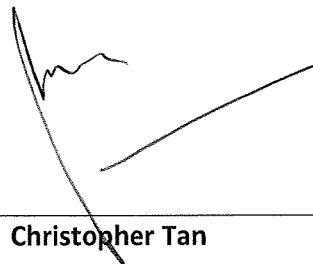
We trust the proposed Motions are in the best interest of members and of our Club in the long term. Your support is greatly appreciated.

Thank you.



Melvin Wee Seng Lee

PRESIDENT



Christopher Tan

HONORARY SECRETARY

MOTION NO: AGM/2020/01

TO CHANGE THE PRESCRIBED RANGE FOR THE ANNUAL EXTENSION LICENCE FEE FOR TERM MEMBERSHIP – AMENDMENT TO CLUB RULE 22.1.2

To amend Club Rule 22.1.2 to change the prescribed range for the annual Extension Licence Fee for Term Membership. The present range is not less than RM1,500.00 nor exceed RM3,000.00. This Motion proposes to change the range to not less than RM3,000.00 nor exceed RM8,000.00.

Club Rule	Presently	Proposed Amendment
22.1.2 – ENTRANCE FEES AND DEPOSITS		
	A Term Member shall on election, pay a Licence Fee of such a sum as shall be fixed by the Management Committee provided that the Licence Fee shall not be less than RM1,000.00 nor exceed RM8,000.00, the prescribed range of which shall be decided by the General Meeting of the Club from time to time, the annual Extension Licence Fee shall not be less than RM1,500.00 nor exceed RM3,000.00, the prescribed range of which shall be decided by the General Meeting of the Club from time to time.	A Term Member shall on election, pay a Licence Fee of such a sum as shall be fixed by the Management Committee provided that the Licence Fee shall not be less than RM1,000.00 nor exceed RM8,000.00, the prescribed range of which shall be decided by the General Meeting of the Club from time to time, the annual Extension Licence Fee shall not be less than RM3,000.00 nor exceed RM8,000.00 , the prescribed range of which shall be decided by the General Meeting of the Club from time to time.

EXPLANATORY NOTES TO THE MOTION

Following the completed renovations and improvements to the club house, the Management Committee is of the view this has added value to the membership of The Sarawak Club. As of 01 July 2020, the number of members stands at 3,667. As the number of members nears the membership limit of 4,000 (re: Club Rule 6.2.1), the value of the membership should rise as memberships are in short supply. The proposed revision in annual Extension Licence Fee for Term Membership is to bring it in line with the proposed revision in the Entrance Fee for Ordinary membership.

MOTION NO: AGM/2020/02

TO CHANGE THE PRESCRIBED RANGE FOR THE ENTRANCE FEE FOR CORPORATE MEMBERSHIP – AMENDMENT TO CLUB RULE 22.1.3

To amend Club Rule 22.1.3 to change the prescribed range for the Entrance Fee for Corporate Membership. The present range is not less than RM35,000.00 nor exceed RM60,000.00. This Motion proposes to change the range to not less than RM100,000.00 nor exceed RM150,000.00.

Club Rule	Presently	Proposed Amendment
22.1.3 – ENTRANCE FEES AND DEPOSITS		
	The first Corporate representative of a Corporate Member acquiring membership otherwise than from a purchase thereof shall on election pay such Entrance Fee of such a sum as shall be fixed by the Management Committee provided that the Entrance Fee shall not be less than RM35,000.00 nor exceed RM60,000.00, the prescribed range of which shall be decided by the General Meeting of the Club from time to time.	The first Corporate representative of a Corporate Member acquiring membership otherwise than from a purchase thereof shall on election pay such Entrance Fee of such a sum as shall be fixed by the Management Committee provided that the Entrance Fee shall not be less than <u>RM100,000.00</u> nor exceed <u>RM150,000.00</u> , the prescribed range of which shall be decided by the General Meeting of the Club from time to time.

EXPLANATORY NOTES TO THE MOTION

Following the completed renovations and improvements to the club house, the Management Committee is of the view this has added value to the membership of The Sarawak Club. As of 01 July 2020, the number of members stands at 3,667. As the number of members nears the membership limit of 4,000 (re: Club Rule 6.2.1), the value of the membership should rise as memberships are in short supply. The Entrance Fee for Corporate Membership is presently set at RM60,000.00 which is the upper limit of the prescribed range. With the proposed change to the prescribed range, the Management Committee intends to revise the Entrance Fee for Corporate Membership to RM100,000.00 to bring it in line with the proposed revision in the Entrance Fee for Ordinary membership.

MOTION NO: AGM/2020/03

TO CHANGE THE SUBSCRIPTION FEE FOR ABSENT ORDINARY MEMBERS AND CORPORATE REPRESENTATIVES – CLUB RULE 23.1.2 (c)

To change the subscription fee for Absent Ordinary members and Corporate representatives. The present prescribed range is not less than RM30.00 per month nor exceed RM200.00 per month. The present subscription is RM30 per month. This Motion proposes to change the subscription fee to the following:-

- 1) From January 2021: RM50 per month
- 2) From January 2022: RM60 per month
- 3) From January 2023: RM70 per month

Club Rule 23.1.2 (c) states:

Subscriptions payable by members for each category of membership shall be as follows: Absent..... RM30/- to RM200/- per month

Provided always where there is a prescribed range of Subscription fee rate, the prevailing rate to be charged by the Club shall be fixed by a General Meeting of the Club from time to time.

EXPLANATORY NOTES TO THE MOTION

1. As of 01 July 2020, the number of members stands at 3,667.
2. The total number of Absent Members as of 01 July 2020 is 1,104 representing 30% of the Ordinary Members of the Club.
3. As all members are equal co-owners of the club, it is reasonable to expect all members to share the cost of running the club and most of the private members' club do not have a category of "Absent Members" particularly private clubs with transferable memberships. Presently, income from subscription alone is not enough to cover the operating cost of the club.
4. When the number of members reaches the membership limit of 4,000 (re: Club Rule 6.2.1), there will not be any memberships available for junior conversions and thus, the Club will have to overcome a shortfall in revenue from the loss of junior conversion fees. In FY2019, conversion fees contributed RM459,000 to our income. Without this income, the Club would be facing a deficit of RM355,000.
5. The Management Committee proposes to gradually raise subscription fee for absent Ordinary members and Corporate representatives from its present rate of RM30.00 per month to RM70.00 per month, over the three consecutive years.
6. It is the intention of the Club that once the monthly subscription of Absent Members reach parity with that of Ordinary Members, the Absent Members can revert their membership to Ordinary membership, enjoying full use of facilities of the Club or alternatively if such members feel that they do not intend to make use of the facilities of the club, they will have the option of selling their memberships.

The Management Committee intends to raise the Entrance Fee from RM28,000 to RM40,000 and this would be to the benefit of all members, including those members who wish to sell their memberships.

MOTION NO: AGM/2020/04

TO CHANGE THE JUNIOR CONVERSION FEE – AMENDMENT TO CLUB RULE 7.8.7

To amend Club Rule 7.8.7 to change the junior conversion fee. Presently, the junior conversion fee is set at a sum equivalent to 75% of the value of the average price taken from the immediate three preceding Ordinary Membership sales registered by the Club or RM8,000.00, whichever is lower. The proposed change is to revise the junior conversion fee to RM12,000.00.

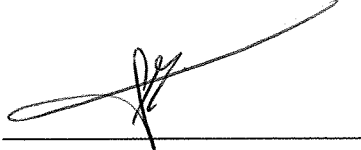
Club Rule	Presently	Proposed Amendment
7.8.7 – ASSOCIATE CHILD AND JUNIOR MEMBER		
	The Junior Members above the age of majority who wish to convert to become Ordinary Members, may prior to attaining the age of twenty one (21) years acquire a membership from the unsubscribed membership of the Club by payment of a sum equivalent to 75% of the value of the average price taken from the immediate three preceding Ordinary Membership sales registered by the Club or RM8,000.00, whichever is lower.	The Junior Members above the age of majority who wish to convert to become Ordinary Members, may prior to attaining the age of twenty one (21) years acquire a membership from the unsubscribed membership of the Club by payment of a sum equivalent to 75% of the value of the average price taken from the immediate three preceding Ordinary Membership sales registered by the Club or RM12,000.00 , whichever is lower.

EXPLANATORY NOTES TO THE MOTION

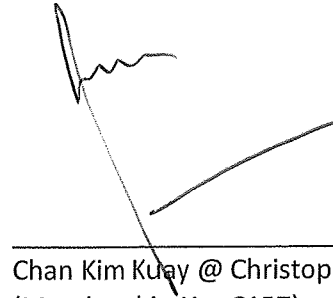
1. As of 01 July 2020, the number of members stands at 3,667. As the number of members nears the membership limit of 4,000 (re: Club Rule 6.2.1), the value of the membership has risen as memberships are in short supply. It is the Committee’s view that the Club’s membership should be properly valued to reflect its intrinsic value, limited supply and high demand.
2. The proposed increase to the conversion fee is justified by the intended increase of the Entrance Fee for Ordinary membership. Presently, the conversion fee is RM8,000 and the Entrance Fee is RM28,000, i.e. a saving of RM20,000 to the parent. The ratio of conversion fee to entrance fee for Ordinary Membership is 29%. This Motion proposes a revised conversion fee of RM12,000 while the Management Committee will set Entrance Fee at RM40,000, i.e. a saving of RM28,000 to the parent. The proposed change maintains a similar ratio of 30%

3. The Management Committee believes that the increase in conversion fee is more than compensated by the increase in value of the Ordinary membership i.e. from RM28,000 to RM40,000.

Dated: 03 August 2020



Melvin Wee Seng Lee
(Membership No. W008)
Proposer for the motion



Chan Kim Kuay @ Christopher Tan
(Membership No. C157)
Seconder for the motion