

HILLGROVE VILLAGE OWNERS' COMMITTEE
Minutes of the Extra-ordinary General Meeting
held on 29 September 2009, 8:00 p.m. at Discovery Bay Office Centre

Mr. Wilson Chan (WC), the Estate Manager of CM, opened the meeting by welcoming everyone present and declared the meeting duly convened with the necessary quorum of owners present or represented by proxy. WC introduced Mr. Christian Chasset (CC), Chairman of the Committee, Mr. Sam Lo (SL), Assistant Manager, Contract and Works and Mr. Barry Lau (BL), Community Relations Officer as an interpreter.

After introduction, WC invited CC to brief the background of the proposed landscape improvement work.

Background of the proposed landscape improvement work

CC welcomed all the owners or owners' representative and commented that the no. of attendance was two fold than the last Annual General Meeting.

CC mentioned that a notice of Extra-ordinary General Meeting regarding the proposed landscape improvement work was issued on 8 September 2009 so he would not repeat the content of the notice. CC introduced that Hillgrove Village is now 21 years old since occupation, and the first renovation was carried out in 1995. In 2001, the Village Owners' Committee (VOC) decided to set up a working group to prepare for the second renovation. At that time, the VOC decided the scope of work of the renovation would be mainly focused on the external walls, building entrance and lobby. In 2003, the VOC also wanted to improve the landscape including tree planting, revamp passageway, improve driveway and adding new play equipment etc. In 2004, the renovation was completed with delay and in December the same year, children play equipment and exercise equipment was installed.

In 2005, the VOC planned to change the underground potable water pipes and also to improve the landscaping work which was outstanding as mentioned above. Therefore, the VOC worked closely with City Management (CM) and prepared tender documents including the replacement of portable water pipe, improve passageway, and landscaping. At that time, there were 5 companies showed interest and 4 of them returned tender, and the VOC conducted an interview with these 4 tenderers in February 2005; however, they were not impressive and not professional and their prices seemed to be relatively high. Therefore, the VOC decided to defer the landscape improvement work.

In 2008, the VOC continued to improve the outlook of the Village by placing new sofas, plants, and artists paintings in the lobby to welcome all owners and visitors in order to keep the property value.

In 2009, while comparing the landscape in Siena and Coastline Villa, the VOC discussed that it was time for Hillgrove Village to carry out the landscape improvement work left

remained in 2005.

Together with CM, tender documents were sent to 6 consultants with 3 consultants returned tenders. Tender interview was conducted on 30 May 2009. At the recent VOC meeting in August 2009, Members decided that SDS would be the most impressed one who would give a presentation tonight. Since it would involve large amount of money in this project, it would be necessary for all owners to approve this project.

The consultant fee of HK\$550,000 would be absorbed by the liquidated damages being the penalty charges to the contractor of the last renovation because of delay of completion of work. The cost of the landscape improvement work would be covered by the reserve fund. As a result, owners would not have to contribute to the work.

CC stated that the purpose of this meeting would be as follows:

1. To receive the design brief from SDS
2. To resolve to proceed with the outlined landscape improvement work.
3. To resolve to appoint SDS at a cost of HK\$550,000 as the landscape consultant in the design stage

CC then invited SDS to give a presentation.

1. To receive the design brief from SDS

SDS representative Rob Walters (RW) presented a PowerPoint of his company background and similar work experience. He also proposed three budget estimates with large, medium and small scale of landscape improvement work.

After presentation, there was a questions and answers session.

Question 1: SDS was requested to give an explanation on his budget estimates.

Answer 1: RW illustrated the 3 budget estimates (Annex I) by using PowerPoint slide. The area for improvement, area size, unit rates, item cost and proposed changes were shown on the 3 budget estimates ranging from HK\$3.62 million to HK\$6.11 million and HK\$8.46 million.

Question 2: What would be the necessary items in this project? Did SDS set up a minimum charge for this project?

Answer 2: SDS advised that there was no priority of the project items at this stage. On the other hand, SDS would like to know more about owners' perspective on the budget estimates. For example, if owners considered the estimates were high, SDS would lower the estimate budget to HKD \$2 million or HKD\$1 million. Any particular item could be excluded depending on the owners' preference.

Question 3: When would be the next renovation?

Answer 3: CM replied that the condition survey will be conducted in 2010. Renovation was scheduled in 2011 after completion of condition survey.

Question 4: Was SDS aware that there would be a renovation after the proposed landscaping project?

Answer 4: SDS replied that if the owners approved this project, SDS would consult and collect owners' opinion about their preferred time schedule and design. The scope of work would be based on owners' priority.

Question 5: What was the minimum budget estimate for this project?

Answer 5: SDS responded that HK\$3.62 million would be the minimum budget estimate. This estimate might be varied as the whole construction fees would be confirmed after tender.

Question 6: Based on the above amount, was the cost of removal of construction debris included in the estimates?

Answer 6: SDS replied the cost of removal of construction debris was included in the estimates.

Question 7: Based on the above information, HK\$3.62 million would be the basic construction costs, plus HK\$0.55 million consultant fees and 14 percent project management fees, making a total amount of approximately HK\$5 million as the basic cost for the whole landscape improvement project.

Answer 7: CC commented that when the VOC carried out the tender process in 2006, VOC asked CM for their opinion on the cost for the landscape improvement work. CM responded the project would cover a total area of 4679 square meter, and the estimated amount was HK\$500 to HK\$1,000 per square meter. According to this estimate, the estimated costs for the project would be at least HK\$3 million. When compared this estimate amount in 2006, the 2009 budget estimate was reasonable.

Question 8: Compared to other Hong Kong districts, the renovation costs in Discovery Bay was relatively high. This was one of the residents' main concerns. Owners suggested VOC to consider the priority of this project.

Answer 8: SDS commented that they had gone through similar situation 2 years ago. Majority of the residents were strongly against the project, and their main concern was budget. At last, residents were impressed by the management and design, the result was better than expected. There were only 15 residents in the area and 50 percent were local residents, there were 3 residents sold their property right after the improvement work, and the price was higher than expected. In financial perspective, SDS considered that the project could maintain the property value.

Question 9: CM was requested to explain the government regulation on renovation in

Discovery Bay, if any.

Answer 9: According to the Deed of Mutual Covenant of Discovery Bay, at least once in every 7 years, CM is required to employ a professional to conduct a condition survey on the village common facilities.

Question 10: Did all villages in Discovery Bay comply with the Deed of Mutual Covenant. Was there any exception?

Answer 10: CM replied every village in Discovery Bay had to conduct the condition survey at least once in 7 years. CM would recommend to the VOC to rectify the defects in the building according to the condition survey report.

Question 11: One owner commented that CM would be remunerated with 5% on the cost of landscape improvement work.

Answer 11: CC commented that CM would receive 3% manager fees from the whole costs. CC stressed that there had been no landscape improvement work for the last 21 years. The property value would be appreciated on completion of the work. CC reiterated that because the last renovation completed in 2004 was very extensive, there should not be many repair work to be carried out in the coming renovation.

Question 12: Who would pay for the replacement of the underground portable water pipe?

Answer 12: CM would issue tender for the replacement of the underground portable water pipe and the cost would be paid by the village reserve fund.

Question 13: SDS was requested to give a further explanation about the total costs of the landscape improvement work, and clarify the time frame of the design work.

Answer 13: SDS responded that there were 3 budget estimates ranging from HK\$3.62 million to HK\$6.11 million and HK\$8.46 million. The time frame for the preparation of the tender documents required 2 to 3 months, 1 month to collect tender, and the improvement work would take approximately 4 months to complete.

Question 14: CM was requested to clarify the amount of reserve fund in the village (HK\$5.5 or 6.6 million) after the meeting and report in the meeting minutes.

Answer 14: As at end of September 2009, the financial position is as follows:

Surplus in current year	= HK\$265,283
Accumulated surplus	= HK\$3,510,997
<u>Reserve Fund</u>	<u>= HK\$3,439,249</u>
Total	= HK\$7,215,529

Question 15: The lowest estimated costs for the landscape improvement work would be HK\$3.62 million and the total cost including consultant fee and project

management fee would be in the region of HK\$5 million. Would it be reasonable that the Improvement Work would use up most of the reserve fund? According to the VOC's plan in 2002, the reserve fund was to be used for renovation and not for landscaping. If there was a landscape improvement work before the renovation, then to certain degree, the landscape features would be damaged by the renovation unavoidably. He wondered if any village in Discovery Bay would spend such an amount on landscaping?

Answer 15: CC commented that Peninsula Village did spent a significant amount on landscape improvement work.

Question 16: Could this HK\$2.5 million reserve fund be spent on other area?

Answer 16: CC commented that there would be at least some HK\$600,000 transferred to Hillgrove reserve fund each year, plus an annual surplus of approximately HK\$200,000, so there would be an average sum of HK\$0.8 to HK\$1 million transferable to the reserve fund each year. Based on this pattern, there would be HK\$2 to 3 million accumulated for the coming renovation.

There is no further query, the voting session begun.

2. To resolve to proceed with the outlined landscape improvement work.

WC asked if the voting be conducted by poll or by show of hands. As indicated by owner, the voting would be conducted by poll accordingly.

After collecting all the voting forms, owners or owners' representatives were invited to witness the counting.

After counting, the voting result was listed below:

Yes :	173 Undivided Shares
No:	585 Undivided Shares
Abstain:	4 Undivided Shares

In accordance with the voting result, CC announced that it was resolved not to proceed with the landscape improvement work.

Since there were no more questions from the floor and after thanking everyone for attending the EGM, CC declared the meeting closed.

The meeting was adjourned at 10:50 p.m.

Chairman