BY-LAWS KOPERASIJAFFNESEBERHAD

Arrangement of By-laws

PART I

PRELIMINARY

By-Laws **Page**

1. Short title and commencement
2. Interpretation
3. Change from the aspect of grammar, gender and number

PART II
NAME, REGISTERED ADDRESS AND AREA OF OPERATION

4. Name
5. Address
6. Area of operation.

PART III
OBJECTIVE, AIM AND ACTIVITY

7. Objective
8. Aim
9. Activities

PART IV
MEMBERSHIP

10. Membership
11. Qualification formembership
12. Application for membership
13. Entrance Fee
14. Declaration
15. Admission to membership
16. Rights, obligations and liabilities of members
17. Issue of By-laws
18. Nominee
19. Liability of member
20. Disqualification of membership
21. Cessation of membership
22. Withdrawal from membership
23. Suspension and expulsion by general meeting of delegates
24. Settlement of the member's monies

PART V
ORGANISATIONANDMANAGEMENTOF THECO-OPERATIVE

25. General meeting of delegates
26. Election of delegates and business of area general meeting
27. Annual general meeting of delegates
28. Special general meeting of delegates
29. Notice of general meeting of delegates
30. Quorum for general meeting of delegates and special general meeting of delegates
31. Voting at general meeting of delegates and special general meeting of delegates
32. Cancellation and postponement of annual general meeting of delegates.

32A. Cancellation and postponement of special general meeting of delegates

33. Function of the general meeting of delegates and special general meeting of delegates
34. Chairman of the general meeting of delegates and special general meeting of delegates
35. Board of the Co-operative
36. Qualifications to be in the Board
37. Term of office of the Board Member
38. Relinquishment and suspension of a Board Member
39. Termination of appointment of a Board Member
40. Meetings of the Board
41. Quorum for the Meeting of the Board
42. Business of the Board Meeting
43. Voting by the members of the Board
44. Minute book of the Board Meeting
45. Powers and duties of the Board
46. Liability of the members of the Board.

47. Duties of the Chairman and Vice-Chairman
48. Duties of the Secretary
49. Duties of the Treasurer
50. Internal Audit Committee
51. Qualification to be a member of the Internal Audit Committee
52. Term of office of the member of the Internal Audit Committee
52A. Termination of the Internal Audit Committee
53. Powers and duties of the Internal Audit Committee.

PARTVI

ASSETSAND FUNDS OF THE CO-OPERATIVE

54. Monies and Funds of the Co-operative
55. Share Capital 54A. Subscription
56. Special savings, deposits and borrowings
57. Transfer of shares
58. Settlement of share capital.
59. Capital gains
60. Statutory Reserve Fund
61. Special Deposit
62. External borrowings and deposits.
63. Investment of funds by the Co-operative.
64. Loans by the Co-operative.
65. Distribution of audited net profit
66. Dividend and patronage rebate.

PART VII

ACCOUNTSANDAUDIT

67. Financial year
68. Maintenance of accounts.
69. Receipts and vouchers
70. Appointment and duties of auditors
71. Submission of books and documents for auditing.
72. Submission of statement of accounts and reports to delegates

PART VIII

MISCELLANEOUS

73. Bank account
74. Seal of the Co-operative
75. Change of member's address
76. Preparing documents for inspection
77. Handing over of duty
78. Report by a person appointed to represent the Co-operative
79. Appointment of a President
80. Disputes
81. Upholding of secrecy
82. Dissolution
83. Act, Regulations and By-laws
84. By-laws to bind the members

BY- LAWS OF THE KOPERASI JAFFNESE BERHAD

PART I PRELIMINARY

Short title and Commencement

(1) These by-laws may be cited as the By-laws of the Koperasi Jaffnese Berhad

(2) These By-laws shall come into force on the date of registration by the Commission.

Interpretation

2. In these By-laws unless the context requires otherwise-

"Act" means the Co-operative Societies Act 1993 and the amendments as may be made to it from time to time;

"member" includes a person joining in the application for the registration of the Co-operative and who signed the minutes of the inaugural general meeting of the Co-operative and a person accepted as a member in accordance with the Regulations and these By-laws following the registration as it is defined under section 2 of the Co-operative Societies Act 1993;

"directive" means directive that are issued by the Co-operative Commission of Malaysia to the Co-operative from time to time;

"rules" means the rules made by the Board from time to time to

implement any activity carried out by the Co-operative, subject to the provisions of the Co-operative Societies Act 1993, Regulations, By-laws and the approval of the general meeting of delegates;

"dividend" means the share of the profit of the Co-operative divided among members in proportion to the share or subscription capital held by them, as defined under section 2 of the Co-operative Societies Act 1993;

"allowance" means the sum of money paid to a member of the Board this Co-operative in return for the services rendered to the Co-operative on a permanent ;

"Jaffnese" means a Malaysian citizen of Jaffnese origin including children whose father or mother is of Jaffnese origin;

"guideline" means guideline that are issued by the Co-operative Commission of Malaysia to the Co-operative from time to time;

"honorarium" means a portion of the audited net profit of the Co-operative which is distributed among some or all of the members of the Board in consideration of their services which would not otherwise be renumerated, as is defined in accordance with section 2 of the Co-operative Societies Act 1993;

"area of operation" means the area within which the Co- operative can recruit its members;

"registrable offence" means an offence which is registrable under the Registration of Criminals and Undesirable Persons Act 1969 as specified in the First and Second Schedule of that Act;

"Co-operative" or "this Co-operative" means the Koperasi Jaffnese Berhad;

"Board" means the governing body of this Society upon which the management of the affairs of the Society is entrusted as defined under section 2 of the Co-operative Societies Act 1993.

"Minister" means the Minister made responsible for co-operative development as is defined under section 2 of the Co-operative Societies Act 1993.

"officer" in relation to the Co-operative means the Chairman, Secretary, Treasurer or any other member of the Board and includes any other person empowered by the Board, Regulations or Order or By-laws to give directions with regard to the business of this Co-operative as defined under section 2 of the Co-operative Societies Act 1993;

"appointment" includes any appointment or reappointment by way of election as defined under section 2 of the Co-operative Societies Act 1993;

"Executive Chairman" means the Executive Chairman of the Co-operative Commision of Malaysia as defined under section 2 of the Co-operative Societies Act 1993;

"Regulations" means the regulations under the Co-operative Societies Act 1993 and the amendments made to it from time to time;

"delegate" means a representative of individual members elected at a regional meeting of members of this Co-operative, for attending the general meeting of delegates as defined under section 2 of the Co-operative Societies Act 1993;

"patronage rebate" means a share of the profits of the Co-operative divided among its members in proportion to the volume of business done with the Co-operative by them from which such profits were derived, as is defined under section 2 of the Co-operative Societies Act 1993;

"co-operative principles" includes –

(a) voluntary and open membership;

(b) democratic member control;

(c) member economic return;

(d) autonomy and independence;

(e) education, training and information;

(f) co-operation among co-operative societies; and

(g) concern for the community,

as defined under section 2 of the Co-operative Societies Act 1993;

"returns" includes any form of rental, profit, dividend or benefit, including any fee or gift, payable or to be given in relation to any dealing, transaction or instrument;

"conviction" includes a finding of guilt and the proving of an offence as defined under section 2 of the Co-operative Societies Act 1993;

"special deposit" means money deposited by a member with this Co-operative with the express intention of utilising the money deposited for a specific purpose as permitted under the Regulation as defined under section 2 of the Co-operative Societies Act 1993;

"Commision" means the Malaysia Co-operative Commission established under the Malaysia Co-operative Societies Commission Act 2007, as defined under Section 2 of the Co-operative Societies Act 1993;

"share" means a share in the share capital of this Co-operative contributed by a member in respect of his membership in this Co-operative, as defined under section 2 of the Co-operative Societies Act 1993;

"By-laws" means the registered by-laws made by this Co-operative in the exercise of any power conferred by the Co-operative Societies Act 1993 and includes a registered amendment of the By-laws, as defined under section 2 of the Co-operative Societies Act 1993;

"surplus funds" means, subject to regulations, the fund in excess of the amount required for immediate use by the Co-operative as working capital for its business, which may be deposited or invested outside the Co-operative without affecting the operation of its business;

"subscription" means the sum contributed at regular interval by a member in respect of his membership in the Co-operative and may not be withdrawn except under conditions as laid down in the By-laws or on termination of the membership, as defined under section 2 of the Co-operative Societies Act 1993.

Changes in grammar, gender and number

3. (1) If any word or sentence is defined in a written By-law, the definition has to be extended to every change in grammar and to those words of cognate speech or speech that is defined.

(2) Words and sentence purporting the masculine gender shall include the feminine gender.

(3) Words and sentence purporting the singular shall include the plural and words and sentence in the plural shall include the singular

PART II
NAME, REGISTERED ADDRESS AND AREA OF OPERATION

Name

4. In accordance with subsection 7(4) and (5) of the Act, this Co-operative shall be named the Koperasi Jaffnese Berhad.

Address

5. (1) The registered address of the Co-operative shall be No. 40, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur.

(2) The Co-operative shall notify the Commission of any change in address within thirty days in accordance with section 11 of the Act.

Area of operation

6. The area of operation of the Co-operative shall be throughout Malaysia.

PARTIII
OBJECTIVE, FUNCTION AND ACTIVITY

Objective

7. The objective of the Co-operative in accordance with sub section 4(1) of the Act shall be the promotion of the economic interest of the members following the co-operative principles.

Function

8. The main function of the Co-operative shall be providing credit and services

Activities (Amended on 24.04.2015)

9. (1) For attaining the objectives specified in By-law 6 in general and the aims specified in By-law 7 in general and 8 in particular and, the Co-operative may, subject cto the provisions of the Act and the Regulations.

(a) carry out the following activities:

(i) Provide facilities to enable members to save regularly a portion of their income and to provide them with loans for useful and profitable purposes;

(ii) Open up land to be developed for plantation, rearing live-stock and fisheries.

(iii) Prepare planting material, collect, prepare and process agricultural products and live-stock for marketing on a commercial scale.

(iv) Carry out group, insurance activity consumer and wholesale including having retail shopping facility, restaurant, computer shop, electrical shop, supermarket and other shops to buy and sell to the members and non members; and

(v) To carry out activities in the transportation sector including having car rental and tourist bus companies. (except for the travel agency)

(b) Carry out activities pertaining to members welfare and education;

(c) Purchase, sell, transfer, ownership, erect, rent, charge, mortgage, lease and own movable and immovable properties;

(d) Invest the surplus funds in matters permitted under section 54 of the Act;

(e) Form subsidiaries under section 19 of the Act with the approval of the Commission;

(f) Participate in joint ventures and become a member of other Co-operatives.

(2) For the purpose of implementing the activities under By-Law 9(1), the Co-operative can raise –

(a) capital by way of accumulating the share, subscription, deposit, borrowing and special saving from members, and

(b) deposit or borrowings from members and non-members with the approval of the Commission in accordance with paragraph 50(e), subsection 52(2) and 52A of the Act and Regulations.

(3) To carry out any of the activity mentioned in By-Law 9(1), the Board shall make suitable rules governing the activity, to be approved by the general meeting of delegates and a copy is to be forwarded to the Commissionwithin thirtydays of beingapproved by the general meeting of delegates.

(4) For the purpose of paragraph 50(e) of the Act, the Co-operative has to –

(a) to state in its By-laws, the activity pertaining to deposits or borrowings from members and non members;

(b) state the terms and conditions for each activity in separate rules;

(c) table that rules for the approval of the general meeting of delegates; and

(d) forward a copy of that approved rules to the Commission within thirty days after the approval by that general meeting of delegates. Whatever also the Commission can direct the rules to be amended, if necessary, in the interest of the co-operative.

(5) Not withstanding the provisions in this By-law, every activity that needs to be carried out is also subject to the written provisions in any other law.

PARTIV
MEMBERSHIP

Membership

10. Membership of this Co-operative shall consist of all those involved in the application for the registration of the Co-operative and those who signed the minutes of the inaugural general meeting of the Co-operative and those accepted as a member after the registration in accordance with the Regulation and these By-laws.

Qualification for membership

11. (1) The membership of this Co-operative shall be open to Malaysian citizens of Jaffnese origin.

(2) In accordance with section 26 and 27 of the Act, a person who wishes to be a member of this Co-operative must -

(a) be a citizen of Malaysia;

(b) have attained the age of eighteen years;

(c) be a resident or be in ownership of land or be employed within the area of operation of this Co-operative; and

(d) not be a person against whom a conviction stands for a registrable offence, or be mentally disabled, or who is an undischarged bankrupt or who has been expelled from membership of any Co-operative and a period of one year has not elapsed from the date of such expulsion.

Application for membership

12. Application for membership shall be made in the official form prescribed by the Co-operative and shall be addressed to the Secretary of the Co-operative or to a designated officer of the Co-operative.

Entrance fee

13. (1) Every application for membership shall be submitted together with an entrance fee of RM1.00 (Ringgit: One). The entrance fee in accordance with subsection 50(a) of the Act shall be refunded to the applicant if his application for membership is rejected by the Board.

(2) Past members who apply for readmission shall be charged an entrance fee of RM10.00 (Ringgit: Ten).

(3) The nominee or legal representative of a deceased member, who applies to be a member, within six (6) months after the death of that member shall be exempted from an entrance fee, subject to being qualified under By-law 11(1).

(4) All entrance fees shall be credited to the Profit and Loss account.

Declaration

14. (1) A person who applies for membership in the Co-operative, shall sign a declaration that he-

(a) will be bound by the By-laws and the existing rules governing the activities and any amendment to such By-laws and rules;

(b) is not an undischarged bankrupt

(c) is not a person on whom a conviction for a registrable offence stands

(d) has not been expelled from the membership of any co-operative society during the period of one year; and

(e) is of Jaffnese origin.

(2) Any applicant who refuses to sign such a declaration shall not be admitted as a member.

(3) A person who is already a member by reason of him having being involved in the application for the registration of the Co-operative and those who signed the first minutes of the general meeting of delegates of the Co-operative shall be required to sign a declaration within forty-five (45) days after the receipt of the Certificate of Registration. Failure to sign the declaration may lead to his expulsion.

Admission to membership

15. Admission to membership shall be considered by the Board at its meeting which may accept or reject an application without revealing the reason thereof. A person admitted to membership shall be informed of his admission not later than thirty (30) days after his admission.

Rights, obligations and liabilities of members (Amended on 24.04.2015)

16. In accordance with section 28 of the Act, every member who has made a payment for a RM10.00 (Ringgit: Ten) share in accordance with By-law 55A and is not in arrears with monthly fee for more than 3 months can exercise all the rights, obligations and liabilities of a member as specified under these By-laws.

Issueof By-laws

17. Every member shall be issued with a copy of these By-laws free of charge. Additional copies may be purchased at ten ringgit per copy.

Nominee

18. (1) Every Muslim member shall nominate a representative under the laws to receive, on the demise of the member, his eligible monies with the Co-operative for distribution to the beneficiaries eligible under the Islamic law.

(2) Every member who is not a Muslim shall nominate one or more persons as nominees;

(3) A member may from time to time revoke or change the nomination and and inform the Co-operative of the changes, if there are any.

(4) Nominations has to be made on the official form of the Co-operative.

(5) Subject to By-law 11, a nominee may be admitted as a member and such nominee shall be deemed to be a member from the date of admission of the member whom he substitutes.

Liability of member

19. (1) The liability of a member shall be limited to the total share or subscription held by him. in case that the registration of the Co-operative is cancelled.

(2) The liability of a past member shall not continue for a period of more than two years reckoned from that date his membership ceased, as provided under subsection 35(1) of the Act.

(3) The estate of a deceased member shall not be liable for the debts of this Co-operative, as that which existed on the date of his death, for a period of not more than two years reckoned from the date of his demise, as provided under subsection 35(2) of the Act.

(4) The estate referred to in paragraph (3) is the share or subscription in this Co-operative.

Disqualification of membership

20. A member shall lose his membership, if during his membership, he –

(a) becomes mentally incapable;

(b) is an undischarged bankrupt;

(c) has still in force a conviction for a registrable offence;

(d) is expelled as a member under the Act and a period of one year has not elapsed from the date of such expulsion; or

(e) is no longer a resident or does not own land or is not employed within the area of operation of the Co- operative.

Cessation of membership

21. (1) The membership of a person shall cease for any of the following reasons:

(a) death;

(b) withdrawal in accordance with By-law 22; or

(c) expulsion under By-law 23.

(2) The Board shall expel a member who —

(a) is found to have made a false declaration under By-law 14;

(b) is disqualified as a member in accordance with By-law 20;

(c) ceasesmembershipunder paragraph (c) of subsection (1).

(d) fails to pay the minimum share in accordance with By- law 55 ; or

(e) fails to pay subscription in accordance with By-law 55A for 6 (six) months continuously without the approval of the Board.

Withdrawal from membership

22. (1) Any member may withdraw from the Co-operative by giving a written notice six months earlier to the Board. Under exceptional circumstances the Board may approve a withdrawal at a shorter notice.

(2) period of notice, except when an earlier date is approved by the Board.

(3) During the period of notice, such a member shall have all the rights, obligation and liability as a member.

Suspension and expulsion of a member (Amended on 24.04.2015)

23. (1) The Board can suspend a member if the majority of the members of the Board are satisfied that the member had acted in a manner prejudicial to the interest of the Co-operative, if found to have carried out any one of the following:

(a) refers any dispute or complaint to any person other than the Commission;

(b) makes a statement in the press or any other mass media regarding this Co-operative without the approval of the Board;

(c) makes false accusation against, the members of the Board or members or past members or the employees of this Co-operative;

(d) defame the Co-operative until it tarnishes the good image of the Co-operative and disrupts the business of this Co-operative; or

(e) acts outside the ethics of the meeting at any meeting until it disrupts the progress of the meeting.

(2) The decision to suspend any member may be made by the Board only after the member concerned has been notified in writing of the clear charge against him. The member is to be given the opportunity to show cause in writing within twenty one days from the date the letter is received, as to why his membership should not be suspended.

(3) Every case of suspension of a member shall be tabled at the earliest general meeting of delegates and made the first agenda, and the member whose membership is suspended shall be given a written notice of not less than 15 days before the general meeting, stipulating the date, time and place of the general meeting of delegates and his right to defend himself before that general meeting.

(a) Documents such as the Board's Report or the Investigation Report that is prepared by the Board or a Committee appointed by the Board or the general meeting of delegates in connection with every case of suspension or termination shall be given to the member concerned together with the notice concerning the suspension or termination.

(b) Documents that are given to the member concerned who is subject to the suspension or termination in accordance with section 23(3)(a) shall not be divulged or released to any third party or delegate without obtaining the written permission from the member concerned.

(4) The decision to confirm the suspension and expulsion or set aside the suspension of a member shall be made at a general meeting of delegates subject to vote by at least two-third of the delegates present:-

(a) after hearing the explanation of the member involved, if he elects to be present; or

(b) after evaluating the breaches presented by the Board as in By-law 23(3)(a) if the member involved is not present.

(5) Until the suspension of the member is decided by the general meeting of delegates, he shall not have any of the rights and obligation of a member except his right to attend and defend himself at the general meeting of delegates.

Settlement of the member's monies

24. (1) If a member ceases to be a member in accordance with the provision of By-law 21, all the monies due to him, except the value of the share and subscription, after deducting any sum owing by him to the Co-operative shall be -

(a) if he is expelled, refunded to him immediately without any condition;

(b) if he becomes mentally unstable and no administrator for his estate or no trustee for his assets has been appointed, be refunded to any person considered as proper to receive on his behalf as soon as the beneficiary has been decided;

(c) in the case of death of a member, be refunded to his nominee or beneficiary or legal representative in accordance with section 24 of the Act. It is stipulated that in the case of a member who is a Muslim, the refund shall be made to his legal representative or to the Official Administrator if after six months since the death of the member, a legal representative cannot be ascertained or has not been appointed;

(d) if he withdraws from membership, be refunded at the end of the notice period; and

(e) if he is no more a resident, does not own land or be employed in the area of operation of the Co-operative, be refunded immediately.

(2) The settlement of the share and subscription of a member who terminates his membership shall be as defined in the latest audited accounts of the Co-operative in accordance to the provisions of By-law 57 and 58.

PART V

ORGANISATIONAND MANAGEMENT OF THE CO-OPERATIVE

General meeting of delegates

25. (1) Subject to the provisions of the Act, the Regulations, directives or guidelines issued by the Commission from time to time and the By-laws, the supreme authority of the Co-operative shall be vested in the general meeting of delegates in accordance with section 36 of the Act. In such meetings, every delegate under the By-laws, shall have the right to attend and vote.

(2) General meetings of delegates shall be of two kinds i.e. annual general meeting of delegates and special general meeting of delegates.

Election of delegates and business of area general meeting

26. (1) For the purpose of Section 37 of the Act, the Board shall determine Meeting Areas and shall convene a general meeting in each of these areas to elect delegates to the general meeting of delegates. Each area shall have a minimum of 20 members.

(2) The number of delegates elected for each area shall be according to the ratio of members as follows :

(a) one delegate for the first 20 members

(b) one delegate for every additional 50 members

(3) Notice for an area general meeting must-

(a) state the date, time, place and the agenda for the meeting;

(b) be served to all qualified members who reside within each area at least 15 days before that area general meeting is held; and

(c) be served by post or any other appropriate mode.

(4) Only members who have settled their payment, in accordance with By-law 16, due three months before the date of the area meeting, shall be eligible to receive the notice to attend the area general meeting and shall be eligible for one vote and become eligible to be a delegate to the general meeting of delegates.

(5) A delegate will remain as a delegate and continue to be a delegate until the next area general meeting to elect new delegates. If the delegate ceases to be a member or withdraws as a delegate, the area loses the right of a delegate.

(6) The quorum required to hold the area general meeting is 1/3 or 10 members of the total membership who are eligible to receive the notice of the area general meeting concerned, which ever is less. If after 30 minutes of the scheduled time for the general meeting, the number of members present is insufficient tomake upthe quorumthen the meeting shall be cancelled.

(7) The Board shall subsequently call for another meeting giving 15 days notice as provided in subsection (3). If after 30 minutes of the scheduled time for the meeting there is no quorum as required under subsection 6, then the delegates shall not be elected and that area loses its delegates eligibility.

(8) Member present at the area general meeting shall elect a Chairperson to chair the meeting and a Secretary to record all the proceedings of the meeting. The minutes of meeting shall be signed by the Chairperson and the Minute Secretary who were elected by the members and such minutes shall be submitted to the Board within seven days from the date of the meeting.

(9) A member shall not appoint a representative to attend or vote on his behalf in a area general meeting.

(10) Amember of the Board must-

(a) be deemed to be a delegate at the annual general meeting of delegates.

(b) Be a delegate in the general meeting of delegates eventhough he has to vacate his post or not elected as a delegate;

(c) continue to be a delegate until the end of the annual general meeting of delegates held to elect his replacement.

(11) In accordance with the Regulations, area general meeting shall be held at least once in every two years at the latest to be 1 month before the annual general meeting of delegates and shall consider the following matters :

(a) audited accounts of the Co-operative, if unavailable, abridged draft accounts;

(b) the annual budget to be tabled at the Co-operative's annual general meeting of delegates;

(c) the proposed amendments to the Co-operative's By-laws, if any; and the Rules and Regulation.

(d) the appointment of delegates to the Co-operative's annual general meeting of delegates; and

(e) proposal from the Board and members, if any, submitted to the Co-operative at least seven days before the annual general meeting of delegates.

Annual general meeting of delegates

27. The annual general meeting of delegates in accordance with section 39(1) of the Act, must be held not later than six months after the close of every financial year or a longer period as approved by the Commission.

Special general meeting of delegates

28. (1) The Board may whenever it thinks fit, upon a requisition made in writing and signed by at least one-fifth or 100 delegates whichever is less, shall convene a special general meeting of delegates in accordance with Sub section 40(1) of the Act.

(2) The Commission or any person authorized by the Commission under subsection 40(2) of the Act, may summon a special general meeting of delegates at any time, following the procedure, time and place as directed, and determine the matters to be dealt with at such meeting, and that meeting shall have all the powers and shall be subject to the same rules as pertaining to any general meeting convened under the Act or this By-laws.

Notice of general meeting of delegates

29. (1) Notice for a general meeting of delegates shall be given to the delegates not less than 15 days before that general meeting of delegates is held.

(2) The notice shall stipulate the date, time, place and agenda for the meeting and for the annual general meeting of delegates shall be attached –

(a) audited Accounts and Balance Sheet of the Co-operative and the subsidiary or subsidiaries, if any;

(b) the budget for the ensuing year;

(c) reports of the Board

(d) reports of the Internal Audit Committee; and

(e) other relevant documents.

(3) A copy of the notice shall be displayed at this Co-operative's office and as an addition, it may be published in any of the local newspapers.

(4) Under section 41 of the Act, the Board shall give the Commission written notice of not less than 30 days stating the date, time, place and agenda for the general meeting of delegates scheduled by the Co-operative to be held not less than 30 days before the general meeting of delegates.

Quorum for the annual general meeting of delegates and the special general meeting of delegates.

30. (1) Quorum for the annual general meeting of delegates and the special general meeting of delegates for whatever purpose shall be as stipulated under the Regulations.

(2) Quorum for a annual general meeting of delegates and special general meeting of delegates to amend this By-laws shall be two-thirds of the total number of delegates, unless a reduced quorum is allowed by the Commission under the Regulations.

(3) For a special general meeting of delegates called by the Commission under subsection (2) of By-law 28 that is postponed -

(a) quorum shall not be less than twice the number of Board Members or 20 delegates whichever is more; and

(b) decisions can be made by a majority of two-third of the delegates present and eligible to vote under the Act and Regulations.

Voting at general meeting of delegates and special general meeting of delegates

31. (1) All debates except those relating to the amendment of by- laws and the expulsion of a member under subsection 4 of By-law 23 shall be decided by a simple majority of votes cast by the delegates present as per the attendance register.

(2) In the case of an equality of votes the motion shall be deemed to be defeated. Members who abstain shall be presumed to have not supported the motion.

(3) The Chairman shall not have a casting vote.

Cancellation and adjournment of general meeting of delegates

32. (1) If thirty minutes after the scheduled time for that general meeting of delegates. the number of delegates present is still insufficient to make the quorum, then the general meeting of delegates can be cancelled and has to be called again by the Board within 30 days from the date the general meeting of delegates was cancelled with the same agenda as that of the adjourned meeting.

(2) The annual general meeting of delegates shall be postponed with the agreement of the meeting to -

(a) within 7 days from the date of the original meeting;

(b) within the area of operation of the Co-operative; and

(c) to carry out the agenda of the postponed meeting.

(3) Notice is not required to be given for a postponed meeting.

32A.(1) If thirty minutes after the scheduled time for that general meeting of delegates. the number of delegates present is still insufficient to make the quorum, then that general meeting of delegates be-

(a) cancelled, if it is called by the Board or on the requisition made by the delegates; or

(b) adjourned if it is called by the Commission under subsection 40(2) of the Act.

(2) For a meeting adjourned under paragaraph (b) subsection (1) the –

(a) The date of adjournment meeting should not be less than 14 days and be not more than 30 days; and

(b) notice for the adjournment must be sent within 7 days from the date of the adjourned meeting.

(3) The same matters proposed for the general meeting of delegates that was adjourned shall be discussed at that adjourned meeting. If there are any changes in the matters to be discussed then notice in accordance with subsection (1) of By-law 29 shall be given to every delegates to the adjourned meeting.

Function of the general meeting of delegates and the special general meeting of delegates

33. (1) The function of the general meeting of delegates is as follows:

(a) to confirm the minutes of the previous annual general meeting of delegates and of any intervening special general meeting of delegates;

(b) to consider the reports of the Board and the Internal Audit Committee:

(c) to consider and approve the audited accounts of the Co-operative and its subsidiary or subsidiaries, if any, the proposed distribution of profits and the report of the auditor;

(d) to elect the members of the Board;

(e) to consider and approve the annual budget for the forth coming year;

(f) to present a report in respect of accepting deposits from members and non members;

(g) to approve allowances to be given to members of the Board and remuneration to be paid to such members of the Board who are appointed as directors of its subsidiary or subsidiaries, if any;

(h) to approve the appointment of a panel of not less than two auditors approved by the Commission or an officer of the Commision, to audit the accounts of the Co-operative;

(i) to consider and approve the scope and limit of investments from the surplus funds of the Co- operative;

(j) to consider and approve the instruments for deposits or borrowings;

(k) to determine the maximum limit of indebtedness of the Co-operative;

(l) to appoint a committee comprising of six delegates, who are not members of the Board, and which includes the Chairman of the meeting elected under By-law 34 and four

members of the Board, to verify the draft minutes of the annual general meeting of delegates;

(m) to declare or issue bonus shares, if any;

(n) to hear, consider or decide on any other business matters of the Co-operative for which a notice of not less than seven days has been given;

(o) to consider and approve any amendment to the By-laws of the Co-operative;

(p) to hear and decide on any complaint brought by any member who is aggrieved by a decision of the Board for which a notice of not less than seven days has been given to this Co-operative;

(q) to consider and approve any report required to be submitted in accordance with the Regulations, if any; and

(r) to appoint from amongst the members of the Board a Chairman and a Vice Chairman.

(2) Notwithstanding subsection (1), the functions in paragraphs (g), (h), (i), (j), (k), (l), (m), (n), (o), (p) and (q) may be decided by the special annual general meeting of delegates under subsection of 40(1) of the Act.

(3) Notwithstanding subsection (1), the special general meeting of delegates called by the Commission in accordance with subsection 40(2) of the Act can carry out all or any one of the functions under subsection (1).

Chairman of the annual general meeting of delegates and the special general meeting of delegates (Amended on 24.04.2015)

34. (1) The meeting can elect any delegate present, other than the Chairman and members of the Board, to chair the annual general meeting of delegates and the special general meeting of delegates.

(2) Notwithstanding subsection (1), the special general meeting of delegates called by the Commission in accordance with subsection 40(2) of Act can be chaired by anyone authorized by the Commission.

Board of the Co-operative

35. The Board of the Co-operative shall consist of nine (9) delegates duly elected at the general meeting of delegates in accordance with subsection 42 of the Act and paragraph (d) of subsection (1) of By-law 33. **(AGM 2020)**

Eligibility for appointment to the Board

36. (1) No person shall be eligible to be elected to the Board or remain as a member of the Board, if he -

(a) has been convicted of an offence under this Act or Regulation;

(b) has been dismissed as an employee of any Co-operative;

(c) has been appointed to the Internal Audit Committee of this Co-operative**;**

(d) has personal interest in any of the activities to be carried out by the Co-operative;

(e) has not completed two years of membership with the Co-operative.

(2) Not withstanding the provisions in subsection (5) of By-law 18, a nominee or the representative who is accepted as a member and who has not completed two years of membership shall not qualify to be elected as a Board member.

Tenure of office for a Board member

37. (1) At least one third of the Board Members shall vacate their posts in rotation at every annual general meeting of delegates. Any member who vacates his post under this subsection shall be eligible for re-election.

(2) The arrangement stipulated under subsection (1) has to be repeated in rotation every 2/3 of the other Board members so that at the beginning of the 4th year or earlier than that, every Board member would have vacated his post at least once within the previous 3 years period.

(3) A Board member appointed under sub paragraph 69(1)(iv)(B) of the Act is not subject to subsection (2).

(4) Even if a general meeting of delegates is not held the rotation to vacate the post has to be still done. Vacating the post will take place at the earliest annual general meeting of delegates to be held

(5) Any vacancy arising in the Board shall be filled withinsixty days from the date of the vacancy, by the Board, with the appointment of a delegate who is qualified and his service shall continue until the end of the next annual general meeting of delegates.

Relinquishment and suspension of a Board member's office

38. (1) A member of the Board shall relinquish his office immediately if he-

(a) is convicted of a registrable offence or an offence under the Act or Regulation; or

(b) accepts any permanent salaried appointment with the Co-operative; or

(c) absents himself at three consecutive Board Meetings except with reasons acceptable by the Board and with prior notification; or

(d) is disqualified as a member under By-law 20.

(2) A member of the Board shall be suspended from his office, if -

(a) any proceedings are instituted against him in respect of any registrable offence or an offence under subsection 47(1) of the Act; or

(b) the majority of the members of the Board are satisfied that he has acted in a manner prejudicial to the interest of this Co-operative, under the Regulations.

(3) Every case of suspension under paragraph (b) subsection (2) of this By-law shall –

(a) be heard by the earliest general meeting of delegates after such suspension;

(b) the member has to be notified in writing about his offence at least 7 days before the general meeting of delegate is held; and

(c) the member shall be given an opportunity to defend himself at the general meeting; and

(4) The Board Member subject to the suspension has to –

(a) cease to exercise any of his rights or perform any function or duties in respect of such office; and

(b) cease to receive any renumeration in respect of such office.

(5) The decision to uphold the termination or setting aside of the suspension of that Board Member shall be made by a majority of the delegates present at the general meeting of delegates –

(a) after hearing the explanation of the Board Member if he attends; or

(b) after hearing and considering the facts of the charge that are presented by the Board, if he is absent.

(6) If the general meeting of delegates confirms the suspension under subsection (5), then he is immediately terminated from his post.

(7) If the general meeting of delegates sets aside the suspension then all dues that are supposed to be received by the member shall be paid to him.

Termination of appointment of the Board member

39. (1) Not withstanding the provisions of subsection (1) of By- law 37, the general meeting of delegates shall have the authority, as provided for under the Regulations

(a) to terminate the appointment of any or all the members of the Board at any time; and

(b) to elect a replacement Board member provided that a written resolution to terminate the appointment of the Board member shall be submitted to the Co-operative at least seven days before the general meeting of delegates is held.

(2) The decision to terminate the appointment of any member of the Board or the whole Board shall only be made after the general meeting of delegates has heard the explanation of the member or the members involved.

(3) A Board Member who has been terminated under this By- law may not be reappointed until the next annual general meeting of delegates.

Board Meeting

40. (1) The first Board Meeting has to-

(a) be held immediately after the annual general meeting of delegates is concluded; and

(b) appoint a secretary and a treasurer from amongst the Board Members.

(2) Subsequent Board Meetings shall be held at least once a month.

(3) A Board Meeting shall also be held if –

(a) the Commission so directs; or

(b) **five** members of the Board make a requisition in writting stating the matters which need to be discussed. **(AGM 2020)**

(4) The decision of the Board is valid though -

(a) despite the absence of any Board Member;

(b) found later that a shortcoming has occurred in the

appointment or eligibility of a Board Member or in the formation of the Board;

(c) found an omission, shortcoming; or a wrong meeting procedure; or

(d) the attendance or participation by a person who is not a Board Member.

(5) The Board can invite any person to the meeting –

(a) to provide advice on any matter discussed;

(b) but the person cannot vote; and

(c) the person can be paid an allowance or other expenses according to that determined by the Board.

(6) In the absence of the Chairman, the Vice Chairman or another Board Member present shall be selected to chair the meeting.

Quorum for Board Meeting

41. The quorum for a Board meeting shall be **five (5)** members. **(AGM 2020)**

Business of the Board Meeting

42. The business of the Board Meeting shall include the following –

(a) confirmation of the minutes of the previous meeting;

(b) discussion on matters arising;

(c) review, discuss, consider and where necessary decide on the following matters :-

(i) decisions of the general meeting of delegates

(ii) report of the Internal Audit Committee;

(iii) management report including the keeping of books;

(iv) application for membership of the Co-operative;

(v) application to cease membership;

(vi) application for increase or decrease in loan instalments; and

(vii) application for loans from members;

(viii) application for increase or decrease in the rate of share and subscription;

(d) The tabling and passing of the monthly statement of accounts;

(e) to review and discuss the current projects of the Co-operative and of the subsidiary, if any;

(f) to review, discuss and decide on proposals for new projects of the Co-operative;

(g) to review, discuss and decide on :

(i) matters relating to establishment;

(ii) staff training programme; and

(iii) members education programme.

(h) to appoint the Internal Audit Committee from amongst the members under By-law 50; and

(i) to do any other business for which not less than seven days notice has been given.

Voting by the members of the Board

43. (1) All resolutions and proposals shall be decided by a simple majority of the Board Members present.

(2) If a vote on a resolution or proposal is tied the resolution or proposal shall be deemed to be defeated

(3) A member of the Board who has a personal interest in any matter which is to be considered by the meeting shall declare fully the nature of his interest or involvement in the matter and shall not vote or involve himself in the discussion relating to the matter.

Minute book of the Board Meeting

44. (1) All decisions of the Board shall be-

(a) recorded, within seven days from the meeting in the Board Meeting minutes book;

(b) duly signed by the Secretary of that meeting;

(c) be circulated within fourteen days to the members of the Board.

(2) The minutes after confirmation at the subsequent Board Meeting shall be duly signed by the Chairman of the meeting.

(3) The minutes of the Board Meeting shall be forwarded to -

(a) the Commission as provided for in paragraph 14(1)(c) of the Act; and

(b) not later than thirty days after the date of that meeting

Powers and duties of the Board

45. (1) The Board shall in general be responsible to ensure that the administration and management of the Co-operative are carried out in a proper manner according to section 44(1) of the Act,

(2) In exercising the responsibility under subsection (1), the Board shall have the following powers and duties :

(a) to appoint a Secretary and a Treasurer from amongst its members at the Board meeting which is held under paragraph (b) subsection (1) of By-law 40.

(b) to forward a list of the members of the Board containing the following details:

(i) names;

(ii) home address;

(iii) identity card number;

(iv) date of membership;

(v) nature of employment; and

(vi) post held in the Co-operative within 15 days after the annual general meeting of delegates to the Commission as provided for under paragraph 14(1)(a) of the Act. Any changes in the said details has to be conveyed to the Commission in writing within 15 days from the date of such change occurring;

(c) to consider and approve applications for membership

(d) to approve and confirm the transfer and redemption of member's share, if any;

(e) appoint

(i) a permanent salaried officer; or

(ii) a firm, to carry out part of the duties of the Secretary, provided that such appointed officer shall not be a member of the Board;

(f) to maintain a true and fair account of all monies received and expended in the name of the Co-operative;

(g) to maintain a correct account of all the assets and liabilities of the Co-operative;

(h) to approve the expenditure and to review and supervise and ensure that all account books, registers and other documents maintained by the Co-operative, are managed satisfactorily and updated;

(i) to present to the annual general meeting of delegates -

(i) the trading account;

(ii) profit and loss account,

(iii) any other statements as determined by the Commission;

(iv) a balance sheet;

(v) report of the Board under Subsection 59(3) of the Act;

(vi) auditors report; and

(vi) observations of the Commission on the accounts and balance sheet, if any, of the Co-operative and subsidiary.

(j) to make recommendation to the annual general meeting of delegates regarding the proposed distribution of profits or the issue of bonus shares;

(k) to consider statements or directives from the Commission or his representative and take appropriate action on them;

(l) to present the report of the Internal Audit Committee at the annual general meeting of delegates;

(m) to fill any vacancy in the Board, suspend the membership of members and a member of the Board, and also expel any member of the Board from office under subsection (2) of By-law 21 and dismiss him from office;

(n) to call for area general meetings and annual general meeting of delegates and special general meeting of delegates in accordance with the By-laws;

(o) to enter into agreement to secure loans provided it has been approved by the general meeting of delegates;

(p) to appoint employees including the manager by issuing official letters that states the terms and condition of employment;

(q) to act for and on behalf of the Co-operative or appoint a representative to settle all disputes relating to the business of the Co-operative or to institute and stop any legal proceedings;

(r) to invest the surplus funds of the Co-operative in accordance with the approval of the general meeting of delegates and subject to the provisions of the Act and the Regulations;

(s) to study and plan projects which are considered to yield benefits to members and the Co-operative and implement such projects in accordance with the decisions of the general meeting of delegates wherever necessary;

(t) to undertake projects and provide opportunities to the members to –

(i) participate in the implementation of the project; or

(ii) contribute extra capital or special deposits as agreed;

(u) to enter into agreements on behalf of the Co-operative and this shall be sealed with the seal of the Co-operative and shall be signed by the chairman, secretary and treasurer or any other person authorized by the Board;

(v) to appoint a representative from amongst its members to attend meetings of co-operative societies of which this Co-operative is a member;

(w) to form committees, if necessary, for the proper conduct of any activity of the Co-operative and delegate such powers to it from time to time as may be decided by the Board;(x) to make rules for the activities of the Co-operative from time to time with the approval of the general meeting of delegates and forward a copy to the Commission within 30 days in accordance with subsection (3) of By-law 9.

(y) to recommend a budget detailing the allowances to be paid to the Board Members and the Internal Audit Committee for presentation to the general meeting of delegates of the Co-operative;

(z) to recommend remunerations to the members of the Board who may appointed as directors of the Board who may pointed as directors of the subsidiary or subsidiaries of the Co-operative to be presented to the annual general meeting of delegates;

(aa) Observe the efficiency, discipline and the out put of all the officers and employees of the Co-operative in carrying out their duties and responsibilities;

(bb) to ensure that the secrets of the business of the Co- operative and its members is safeguarded; and

(cc) to perform any other duties which are necessary as may be determined by the Act, Regulations, orders, guidelines, directives of the Commission, By-laws and the general meeting of delegates from time to time.

(3) A member of the Board who holds an office or possesses a property or personal interest in the business with the Co- operative which, whether directly or indirectly, a duty or an interest may arise in conflict with his duty or interest as a member of the Board, shall declare the fact at the first meeting of the Board held after:

(a) his appointment, or

(b) that he possesses the said property or business concerning the nature and extent of the conflict which may arise.

Liability of the members of the Board

46. The Board shall exercise the prudence and diligence of ordinary men of business and shall be jointly and severally liable for any loss sustained by the Co-operative through failure to exercise such prudence and diligence or through any act which is contrary to the provisions of the Act, the Regulations, the orders or this by-laws and also activities made under it or direction of the general meeting of delegates.

Duties of the Chairman and Vice-Chairman

47. (1) The Chairman shall perform the following duties :

a) to preside at all Board Meetings;

b) to safeguard all monies, property and ensure that the business of the Co-operative is conducted in accordance to the policy stipulated by the Board;

c) to sign the minutes which have been confirmed

d) to certify extracts and copies of records of the Co-operative in accordance to the Regulations, together

with the secretary through a certificate that is dated and signed.

e) to summon by himself or through the secretary meetings of the Board, whenever necessary;

f) to direct the Internal Audit Committee to audit the books, records and documents of the Co operative at any time and to report to the Board;

g) to sign the application for the registration of amendments to the By-laws and other relevant documents together with two other members of the Board; and

(h) general supervision of the management of the affairs of the Co-operative and the employees of the Co-operative.

(2) In the absence of the Chairman, the Vice-Chairman or if necessary, any Board Member selected, shall carry out the duties of the Chairman, except that in paragraph (g) subsection (1).

Duties of the Secretary

48. (1) The Secretary shall perform the following duties :

a) to summon and attend the general meeting of delegates, meetings of the Board and committee meetings and forward all the report and documents to be considered by those meetings;

b) to record the proceedings and minute the decisions of the meeting;

c) to maintain and update the register of members, register of nominees, books and reports as directed by the Board;

d) to correctly deal with all correspondence as directed by the Board;

e) to certify together with the chairman copies of all matters written in the books of the Co-operative;

f) to keep and ensure the safe custody of the seal of the Co-operative;

g) to carry out any other duties as determined by the Board from time to time;

h) to ensure the efficiency, discipline and diligence of all employees of the Co-operative in the discharge of their duties and responsibility;

(2) Any one or more of the duties of the secretary may be entrusted to the manager or employee subject to the approval of the Board.

Duties of the Treasurer

49. (1) The Treasurer shall perform the following duties :

a) manage all monies, property and business of the Co-operative according to the policy that is stipulated by the Board.

b) to receive and take charge of all monies received by the Co-operative and make payments as directed by the Board;

c) to deposit in a bank, in the name of the Co-operative, all monies received within 24 hours of a working day from the time of their receipt;

d) to issue receipts, prepare vouchers and other documents as directed by the Board;

e) to maintain a petty cash account with an amount approved by the Board to meet petty expenses and the disbursements from this account can be replenished as often as necessary;

f) to maintain and keep proper accounts of the Co- operative and make available all other relevant books complete and up to date so that the same may be examined by the relevant authorities at any time;

g) to prepare the annual accounts and annual reports of the Co-operative for presentation at the Board meeting;

h) to prepare the annual budget of the Co-operative in such form as to indicate clearly all items of income and expenditure for the consideration of the Board before it is tabled at the annual general meeting of delegates; and

(i) to prepare the true statement of income and expenditure of the Co-operative, itemising each detail for any period as required by the Board for comparison with the estimate for the same period which had been approved by the general meeting of delegates.

(2) Any one or more of the above duties of the Treasurer may be entrusted to the manager or any employee, subject to the approval by the Board.

Internal Audit Committee (Amended on 24.04.2015)

50. According to Subsection 42A(1) of the Act, the Internal Audit Committee of the Co-operative shall consist of not less than three and not more than six member, duly appointed by the Board, in accordance with paragraph (h) of By-law 42.

Eligibility for appointment to the Internal Audit Committee

51. No one shall be eligible to be a member of the Internal Audit Committee or remain as a member of the Internal Audit Committee, if he-

a) has been convicted of an offence under the Act;
b) has been dismissed as an employee of any other Co-operative ;
c) has become a member of the Board of this Co-operative; or
d) receive any paid permanent appointment in this Co-operative.

Term of office of Internal Audit Committee

52. (1) The term of service of all members of the Internal Audit Committee shall be one (1) year or upto the next annual general meeting of delegates, whichever is earlier. Their service may be continued again, after it is decided by the Board.

(2) Vacancies in the Internal Audit Committee shall be filled by the Board, within 30 days from the date of such vacancy, with the appointment of a member who is qualified.

Termination of Internal Audit Committee

52A. The office of any one or all the members of the Internal Audit Committee may be terminated by the Board if they –

(a) fail to function in accordance to subsection (2) and subsection (4) of paragraph (b) and (c) of By-law 53;
(b) fail to ensure that the secrecy of information on the business of Co-operative and its members is safeguarded;
(c) utilize information from the Co-operative for personal interest; or
(d) carry out a matter which is prejudicial to the interest of the Co-operative.

Powers and duties of Internal Audit Committee

53. (1) The Internal Audit Committee shall have the following powers-

a) to examine all accounting and other records relating directly or indirectly to the Co-operative and its subsidiary or subsidiaries, if any;
b) require any person to forward or produce any information or such books, accounts and related documents, for the purpose of determining whether the affairs of the Co-operative are conducted in accordance with the objects for which it was registered, the Act, the Regulations, guidelines, the by-laws resolution and any other written laws and the decisions of the general meeting of delegates and also the Board.

(2) The Internal Audit Committee shall carry out the following duties -

(a) ascertain the authority and validity of all expenditures;
(b) examine the accounts of the Co-operative, at regular intervals which shall not in any case be less than once every three months;
(c) inform the Board immediately of any discrepancies that may occur in the management of the Co- operative;
(d) present to the Board a report on the management and affairs of the Co-operative, including any violations of the Act, Regulations or the By-laws.

(3) The Internal Audit Committee, subject to the approval of the Board shall be paid, but the amount for payment must not exceed the total amount fixed by the general meeting of delegates.

(4) The Internal Audit Committee shall –

(a) appoint a leader from amongst themselves;
(b) meet not less than 4 times in a year; and
(c) submit their written report to the Board and the Commission not less than 4 times in a year.

PART VI

PROPERTY AND FUNDS OF THE CO-OPERATIVE

Money and Funds of the Co-operative

54. (1) The money and Funds of the Co-operative shall consists of:

a) entrance fee, share and subscription of members;
b) special deposits of members;
c) loans or deposits from members and non-members;

d) Statutory Reserve Fund;
e) Capital Reserve Account;
f) Dividend Equalisation Fund;
g) donations and specific grants;
h) accumulated profits;
i) Common Good Fund;
j) Share Capital Redemption Fund; and
k) any other fund as approved by the general meeting of delegates.

(2) The funds of the Co-operative other than the Statutory Reserve Fund may be used for the implementation of the activities of the Co-operative as provided for under subsection(1) of By-law 9.

Share capital (Amended on 24.04.2015)

55. (1) According to paragraph 50(b) of the Act, every member shall subscribe RM10.00 (Ringgit: ten) for a share as the minimum contribution which has to be settled within the period specified under subsection (2). The minimum share shall not be withdrawable except after the termination of his membership.

(2) The period to settle the minimum share under subsection (1) is as follows ;

(a) a person participating in the application for the registration of this Co-operative and who signed the minutes of the inaugural general meeting of the Co-operative shall settle his share within 3 months from the date when the approval for the registration is received by the Co-operative; and.

(b) a person accepted as a member under By-law 15 shall settle his share within 3 months of his acceptance as a member.

Subscription

55A. **T**he minimum monthly subscription of members as provided for under paragraph 50(c) of the Act shall be RM 10.00 (Ringgit: Ten) a month. Every member is entitled to subscribe more as per the rules governing the thrift and loan activities made by the Board with the approval of the general meeting.

Special deposits, deposits or borrowings

56. (1) The Co-operative may accept from its members
a) special savings as provided for in its rules and this money can be withdrawn from time to time; or
b) deposits or loans.

(2) The Co-operative may with the approval of the Commission, accept deposits or borrowings from non members of the Co-operative.

(3) Subsection (2) does not apply to deposits or borrowings provided by the Government.

(4) At every general meeting of delegates the Co-operative shall -
(a) notify the delegates about the borrowings from members under subsection 52(3) of the Act; and
(b) Fix the maximum limit of existing indebtedness and the indebtedness to be incurred by the new borrowings in the coming year.

Share transfer

57. (1) A member may transfer his shares that exceed the minimum contribution under subsection (1) of By-law 55 to another member by signing the share transfer form.

(2) The share transfer becomes effective after it is registered by the Co-operative.

(3) The share of a deceased member can be transferred to the nominee, For a Muslim, the said transfer shall be in accordance with subsection (1) of By-law 18.

(4) The said transfer of shares shall be done within 6 months of the member's death.

Settlement of share capital

58. (1) If a share transfer is unable to be done under By-law 57, for a member whose membership terminates due to whatsoever reason, then his share mentioned in the by-law can be released subject to subsection (2).

(2) The share may be redeemed from the Share Redemption Fund and the Statutory Reserve Fund, subject to the Regulations. The value of the share redeemed has to follow whatever is shown in the latest audited accounts of the Co-operative but it shall not exceed its original value.

(3) The share redeemed under subsection (2) may be, if approved by the general meeting of delegates, be issued again as bonus shares.

Capital gains

59. (1) In accordance with Subsection 55(1) of the Act, all capital gains arising from the following matters shall be credited to the Capital Reserve Account -

a) the sale of land or building, or both, as fixed assets; and

b) the revaluation of land or building, or both, as fixed assets, with the approval of the Commission.

(2) The capital gains referred to in paragraph (a) subsection (1) may, if approved by the general meeting of delegates, be utilised for all or any of the following purposes :

(a) issue of bonus shares;

(b) the writing off of accumulated losses;

(c) the writing off of capital losses; and

(d) creation of a Bonus Share Redemption Fund.

(3) Bonus shares may be issued under the Regulations based on –

(a) the total shares held by the member; or

(b) reissue of the redeemed bonus shares, with the following conditions:;

(i) the shares under paragraph (a) and (b), held as at 12 months before the date of declaration of bonus shares;

(ii) the name of the member who is to receive the shares shall be on the register of members of the Co-operative on the date of declaration of the bonus shares;

(iii) all accumulated and current losses have been settled; and

(iv) the books of the Co-operative have been maintained satisfactorily according to the view of the Commission.

(4) Bonus shares issued from the capital gains according to paragraph (b) subsection (1) may, with the approval of the Board -

(a) be transferred to another member of this Co-operative; or

(b) be withdrawn, in the case of a deceased member.

(5) The transfer or withdrawal according to subsection (4) shall be paid from the Bonus Share Redemption Fund of the Co-operative

Statutory Reserve Fund

60. (1) According to subsection 57(1) of the Act, the Co-operative shall maintain a Statutory Reserve Fund.

(2) The Co-operative shall transfer a sum of money to the Statutory Reserve Fund based on the schedule given below:

Total Accumulated Statutory Reserve Fund	**Total Sum To Be Transferred**
Less than 50% of its shares and subscription.	Not less than 25% of the audited net profits.
50% but less than 100% of its shares and subscription.	Not less than 15% of the audited net profits.

(3) The Statutory Reserve Fund shall be indivisible and no member shall be entitled to claim any specific share in it.

(4) The Co-operative may redeem shares from the Statutory Reserve Fund, and at all times the balance in the Fund shall not be less than fifteen percent of the total shares and subscription of the members in the Co- operative.

Specific savings

61. Pursuant to section 50(d) of the Act, the Co-operative shall receive specific savings from members subject to such terms and conditions as provided for in By-law 9 (4). The specific savings shall be withdrawable from time to time.

External borrowings and deposits

62. (1) Subject to subsection 52(2) and section 52A of the Act and Regulations, the Co-operative shall accept deposits or borrow funds from members, and with the approval of the Commission, from non members of the Co-operative.

(2) The provision in subsection (1) above does not apply to deposits or loans that are given by the Government.

(3) At every annual general meeting of delegates the Co-operative must –

(a) notify the delegates about the deposits or borrowings, in accordance with section 52(3) of the Act.

(b) fix the maximum limit of the existing indebtedness and the indebtness to be incurred by the new borrowings in the coming year.

Investment of funds

63. (1) The surplus funds of the Co-operative may be invested or deposited subject to the provisions of section 54 of the Act and the Regulations.

(2) The maximum limit of such investments by the Co-operative for any purpose shall be determined by the general meeting of delegates.

Loans by the Co-operative

64. Under section 51 of the Act, the Co-operative may grant any Islamic financing or other credit facilities to -

a) its members, subject to such terms and conditions as stipulated in the rules approved by the general meeting of delegates;

b) the employees, including the chief executive officer, subject to such terms and conditions of their employment; and their subsidiary or subsidiaries or to another co- operative, subject to the approval of the Commission.

Distribution of audited net profit

65. (1) The audited net profit of the Co-operative as disclosed in the profit and loss account, in accordance with section 56 of the Act, shall be distributed as provided for under section 57 of the Act as follows :

(a) such sum as that stipulated under subsection (2) of By-law 60 shall be credited to the Statutory Reserve Fund; and

(b) such sum as may be decided from time to time by the Commission to be paid to the Cooperative Education Trust Fund and Cooperative Development Trust Fund;

It is stipulated that under subsection 57(4) of the Act, any sum paid pursuant to paragraph (b) subsection (1) may be deducted from the sum mentioned in paragraph (a) subsection (1).

(2) After the distribution and payments made as specified in paragraph (1), and provision for payment of income tax, if any, the balance of the net audited profits, may be utilised for all or any of the following purposes :

(a) payment of patronage rebate;

(b) payment of dividend on the members shares and subscriptions as stipulated in the rules or guidelines

(c) the payment of honorarium to the members of the Board which shall not, however, exceed the sum delegates recommend by the annual general meeting of delegates and approved by the Commission; or

(d) the transfer to various other funds for the welfare of the members and the community.

(3) The payment of dividend from any other sources other than from the audited net profit for the financial year shall not be made except with the prior written approval from the Commission, which under no circumstances shall exceed whatever maximum rate as stipulated in the rules and the guidelines.

(4) In accordance with subsection 57(7) of the Act, the payments under paragraph (b), subsection (2) and (3), may be made only if all the accumulated losses have been completely written off.

(5) With the approval of the Commission, the Co-operative may, if the accumulated losses have not been completely written off, utilise the net audited profits for the payment of dividend to members, in any case, not exceeding five per centum of the total shares and subscription of the members, as stated under subsection 57(8) of the Act.

Dividend and patronage rebate

66. (1) The rate of dividend on the shares and subscription held by members as at six months prior to the end of the financial year, as provided for under the Regulations shall not exceed ten per centum except with the approval of the Commission. A person whose name is not in the membership register of the Co-operative as at the last day of the relevant financial year shall not be eligible to receive dividend.

(2) The dividend shall be **credited to the special deposit account** of the member, if the member does not ask to be paid the dividend in cash within 30 days after the date of declaration of the dividend. **(AGM2016)**

(3) Patronage rebate shall be paid only if the patronage sum of the member is not less than RM5,000.00 (Ringgit: Five Thousand) during the relevant financial year.

PART VII
ACCOUNTS AND AUDIT

Financial year

67. The financial year of this Co-operative shall begin on the 1st January and end on 31st December of every year.

Maintenance of account.

68. (1) Under section 58 of the Act, the Board shall cause to maintain a complete and up-to-date accounts and other records relevant to every transaction of the Co-operative and its subsidiary or subsidiaries, if any, that is related to -

fixed assets, investments and deposits;

(a) share, subscription, including special deposits contributed by the members; and

(b) activity being carried out.

(2) Entries in the accounts and other records under subsection (1) shall be made as soon as possible but not later than 30 days of the completion of any transaction, in accordance with Section 58(2) of the Act.

(3) Preparation of the accounts, that is the accounts for trading, profit and loss and the balance sheet shall be done as soon as possible but not later than 2 months after the completion of each financial year, so that it can be audited.

(4) The accounts referred to in subsection (3) that had been audited shall be tabled at the general meeting of delegates, not later than 6 months after the completion of each financial year.

(5) The accounting records referred in subsection (1) shall be kept -

(a) at the registered office of the Co-operative at all times or any other place deemed fit by the Board, in accordance with section 58(4) of the Act; and

(b) they shall be kept for a period of six years after having been audited as provided for in the Regulations.

(6) These records may be inspected by members at all times subject to such conditions relating to inspection following the conditions as determined by the Board.

(7) The Board may appoint any individual or firm to write up the accounts to ensure that all accounting records are audited within the time specified.

(8) The Commission may, in accordance with subsection 58(5) of the Act, in any particular case order that the accounting records of the Co-operative be handed over for inspection by an auditor who acts on behalf of any member or officer.

(9) A list with specific details of the expenditure by the Board and payments to or on behalf of a individual memberof the Board and committees shall be included in the notes to the profit and loss accounts of the Co- operative, as required by the Regulations.

Receipts and vouchers

69. (1) The Co-operative shall issue receipts for all monies received or other receipts suchas cheques and postal orders accepted. The receipts shall be signed by the Treasurer or any officer authorised by the Board from time to time.

(2) Vouchers shall be prepared for every payment made by the Co-operative. The vouchers shall be signed or approved by the Treasurer or the Manager and be confirmed by officers authorised by the Board from time to time.

Appointment and duties of the auditor

70. (1) The Board may appoint an auditor to audit the accounts of the Co-operative, in accordance with subsection 60(1) of the Act.

(2) The auditor appointed in accordance with subsection (1) shall be selected by the Board from among the panel approved by the general meeting of delegates and a copy of the instrument of appointment shall be submitted to the Commission.

(3) The auditor is duty bound to audit the accounts and records of the Co-operative and shall report on the financial statements submitted by the Co-operative after the close of the financial year, to the Commission for its attention and to the members of the Co-operative, in accordance with Section 63 of the Act,

(4) No person shall be approved to audit the accounts of the Co-operative for any continuous period exceeding 6 years, but such person may be approved to audit and may resume auditing the accounts of the Co- operative 2 years after he has ceased to audit the accounts of the Co-operative, in accordance with section 61(2) of the Act.

Submission of books and documents for auditing

71. According to the Regulations, a complete list of books and documents of the Co-operative shall be prepared and submitted to the auditor who shall sign to acknowledge receipt. A copy of the list shall be retained by the Co-operative.

Submission of statement of accounts and reports to the delegates

72. A copy of the following statements shall be forwarded to each

delegate not less than fifteen days before the date of the annual general meeting of delegates -

(a) trading account;

(b) profit and loss account;

(c) any other statements as stipulated by the Commission;

(d) balance sheet and the report of the Board on the affairs of the Co-operative and its subsidiary or subsidiaries which been forwarded for comments by the Commission, as required under subsection 59(2) of the Act;

(e) the report of the auditor; and

(f) the report of the Internal Audit Committee.

PART VIII
MISCELLANEOUS

Bank account

73. The bank account of the Co-operative shall be operated by the Chairman or Secretary and the Treasurer or any other 6 officers authorised by the Board from time to time.

Seal of the Co-operative

74. (1) The Co-operative shall have a seal. The Co-operative's seal shall not be affixed on any letter except by a decision of the Board. The Chairman, Secretary and Treasurer or any other officer authorised by the Board shall be required to sign every letter to be sealed.

(2) The documents made in the name of the Co-operative, whether sealed or not, and duly signed as certified by the Chairman, Secretary and Treasurer or any other officer authorised by the Board shall be deemed as binding on the Co-operative until proven otherwise.

Change of member's address

75. Every member shall notify the Secretary of all changes of their address within 30 days. All letters to the member posted or sent to the last registered address shall be deemed to be duly served.

Documents available for inspection

76. (1) In accordance with section 13 of the Act, the Co-operative shall prepare the following matters which shall be open for inspection by the members of the Co-operative only free of charge, at all reasonable times, at the registered office of the Co-operative -

(a) a copy of the Act and Regulations or orders, directives or guidelines;

(b) a copy of the by-laws and the last audited accounts;

(c) a complete list of members;

(d) a complete list of members of the Board;

(e) name of the chief executive officer, if any; and

(f) a complete list of officers of the Co-operative related to the management of the Co-operative, if any.

(2) The Co-operative shall prepare the rules of the activities for inspection by the members, if any.

Handing over of duty

77. Handing over of duties shall be made in writing whenever there is a change in office in the Co-operative and it shall be completed within 14 days after the enforcement of such change.

Report by a person appointed to represent the Co-operative

78. (1) Any person appointed to represent the Co-operative at any meeting, seminar, forum or study tour at the expense of the Co-operative, whether within or outside the country, as required by Regulations, shall submit a brief report to the earliest general meeting of delegates of the Co-operative.

(2) If such person fails to submit the report, he shall reimburse all expenses incurred by the Co-operative. The Co-operative has the right to recover every such expenses from him as if it were debts owing by him to the Co-operative.

Appointment of a Chairman

79. The Board may appoint a prominent person to be the President of the Co-operative. He only acts as a adviser and may attend any meeting that is held by the Co-operative but he has no voting rights.

Disputes

80. (1) All disputes as mentioned under subsection 82(1) of the Act, that touch on matters of formation, By-laws, election of officers, conduct of general meetings, management or business of the Co-operative, shall be referred to the Commission, as required by the Regulations.

(2) Any member who has been proven to have complained or referred a dispute to any other person other than the Commission, shall be deemed to have acted against the interest of the Co-operative and action may be taken against him under By-law 23.

(3) All disputes other than those mentioned in subsection 82(1) of the Act, shall be referred to the general meeting of delegates of the Co-operative for settlement. Any dispute that cannot be settled shall be decided by the Commission and the decision shall be final.

Upholding of secrecy

81. The members of the Board, officers, employees, auditors or any person having access to information on any member that is obtained pursuant to carrying out business or duty with the Co-operative, shall not be used for the personal benefit and shall also not be divulged to any other person without the permission of the member, except that information which is permissible by written laws.

Dissolution

82. The Co-operative can only be dissolved by an order of the Commission.

Act, Regulations and By-laws

83. (1) These By-laws are made in accordance with the Regulations and shall be subject to the provisions of the Act and the Regulations. Any amendment to these By-laws shall not be made except by the requisition or the approval of the Commission. Rules for activities shall not be made except with the approval of the general meeting of delegates.

(2) Any business of the Co-operative shall be subject to the Act, Regulations and this By-laws including the rules for the activities, all of which shall be read together.

By-laws to bind the members

84. These By-laws, as provided for under section 17 of the Act, shall bind the members and the Co-operative to the same extent as if the By- laws were signed by each member and contained covenants on the part of each member for himself and for his successor to observe all the provisions of the By-laws.

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(Satguna Rajah a/l Ponnampalam) Pengerusi	(N. Rajasvaran a/l M. Nadarajah) Board Member	(Mahadavan a/l Marimuthu) Board Member

English translation of KJB By-laws, approved at the 79th Annual General Meeting of Delegates of Koperasi Jaffnese Berhad held on 20th June 2010 and was duly registered by Suruhanjaya Koperasi Malaysia on 16.10.2010. Amendments to the KJB By-laws were duly registered by SKM on 24.04.2015.