



# LAWS OF MALAYSIA

REPRINT

## Act 502

# CO-OPERATIVE SOCIETIES ACT 1993

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# LAWS OF MALAYSIA

## Act 502

### CO-OPERATIVE SOCIETIES ACT 1993

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**LAWS OF MALAYSIA****Act 502****CO-OPERATIVE SOCIETIES ACT 1993**

An Act to make provisions for the constitution, registration, control and regulation of co-operative societies; to promote the development of co-operative societies; and for matters connected therewith.

[22 January 1994, P.U. (B) 37/1994]

**BE IT ENACTED** by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

**PART I****PRELIMINARY****Short title and commencement**

1. (1) This Act may be cited as the Co-operative Societies Act 1993.

(2) This Act shall come into operation on a date to be appointed by the Minister by notification to be published in the *Gazette*, and the Minister may appoint different dates for the coming into force of this Act in different parts of Malaysia or for the coming into force of different provisions of this Act.

**Interpretation**

2. In this Act, unless the context otherwise requires—

“appointment” includes any appointment or reappointment by way of election;

“Board” means the governing body of a registered society to whom the management of its affairs is entrusted;

“business of financing” means the business of receiving deposits and—

- (a) the lending of money or the provision of any other credit facility; or
- (b) the lending of money and the provision of any other credit facility;

“by-laws” means the registered by-laws made by a registered society in the exercise of any power conferred by this Act, and includes a registered amendment of the by-laws;

“conviction” includes a finding of guilt and the proving of an offence;

“co-operative principles” includes—

- (a) voluntary and open membership;
- (b) democratic management;
- (c) limited return on capital contributed by members;
- (d) equitable division of profits;
- (e) promotion of co-operative education; and
- (f) active co-operation among registered societies;

“delegate” means—

- (a) a representative of individual members elected at a regional meeting of members of a primary society in which the general meeting of members is replaced by a general meeting of delegates; or
- (b) a representative of a registered society which is itself a member of another registered society, the meetings of which such representative has been elected or appointed to attend;

“deposit” means the money deposited by any person with a registered society in a fixed deposit account or a savings account or other deposit account but does not include a share or subscription or specific savings;

“dividend” means a share of the profits of a registered society divided amongst its members in proportion to the share or subscription capital held by them;

“inaugural general meeting” means the general meeting at which persons desirous of forming a co-operative society resolve to form

the society, to adopt the by-laws proposed for the society and to apply for the registration of the society;

“member” includes a person or registered society joining in the application for the registration of a society, and a person or registered society admitted to membership in accordance with the regulations and by-laws after registration;

“officer” means a chairman, secretary, treasurer or any other member of a Board and includes any other person empowered by the regulations or by-laws to give directions in regard to the business of the registered society;

“patronage rebate” means a share of the profits of a registered society divided among its members in proportion to the volume of business done with the society by them from which such profits were derived;

“primary society” means a society registered under subsection 4(1);

“registered society” means a co-operative society registered under this Act;

“registrable offence” means an offence which is registrable under the Registration of Criminals and Undesirable Persons Act 1969 [Act 7] as specified in the First and Second Schedules to that Act;

“Registrar General” means the Registrar General of Co-operative Societies appointed under section 3;

“regulations” means regulations made under this Act;

“secondary society” means a society registered under subsection 4(2);

“share” means a share in the share capital of a registered society contributed by a member in respect of his membership in that registered society;

“specific savings” means money deposited by a member with a registered society with the express intention of utilizing the money deposited for a specified purpose permitted under the regulations;

“subscription” means the sum contributed at regular intervals by a member in respect of his membership in a registered society and withdrawable on termination of membership;

“subsidiary” of a registered society means a company, as defined in the Companies Act 1965 [*Act 125*], in which such registered society controls the composition of the Board of Directors or more than half of the voting power, or holds more than half of the issued share capital, and includes a subsidiary, as defined in that Act, of such a company;

“surplus funds” means the funds in excess of the amounts required for immediate use by a registered society as working capital for its business, which may be deposited or invested away from the society without affecting the operation of such business;

“tertiary society” means a society registered under subsection 4(3).

### **Registrar General and Registrars**

**3.** (1) The Yang di-Pertuan Agong may appoint a person to be the Registrar General of Co-operative Societies for Malaysia.

(2) The Registrar General may appoint such number of public officers as may be necessary to be Registrars to assist him and the Registrars shall, subject to the control of the Registrar General, have all the powers and functions of the Registrar General except those specified in sections 65, 69, 71, 71A, 71B, 71C, 72, 92 and 93.

(3) The functions of the Registrar General shall be—

- (a) to register and revoke the registration of co-operative societies and to ensure that the co-operative societies function in accordance with the provisions of this Act;
- (b) to advise the Minister on any matter relating to co-operative societies;
- (c) to encourage and promote the establishment and development of co-operative societies in all sectors of the economy and to help co-operative societies increase their efficiency.

(4) In addition to the powers, duties and functions conferred on the Registrar General by this Act and the regulations, the Registrar General shall have and may exercise all such powers, discharge all such duties and perform all such functions as may be necessary for the purposes of giving effect to and carrying out the provisions of this Act.

(5) The person for the time being discharging the duties of Registrar General and his successors in office shall be a body corporate under the name of “Registrar General of Co-operative Societies, Malaysia” (in this section called the “corporation”), which shall have perpetual succession and a corporate seal and which may—

- (a) enter into contracts and sue and be sued in its said name;
- (b) acquire, purchase, take, hold and enjoy movable and immovable property of every description; and
- (c) sell, convey, assign, surrender and yield up, mortgage, charge, demise, reassign, transfer or otherwise dispose of any movable and immovable property vested in the corporation upon such term as to the corporation seems fit.

(6) The corporate seal of the corporation may from time to time be broken, changed, altered and made anew as to the corporation seems fit, and until a seal is provided under this section a stamp bearing the inscription “Registrar General of Co-operative Societies, Malaysia” may be used as the corporate seal.

(7) All deeds, documents and other instruments requiring the seal of the corporation shall be sealed with the seal of the corporation in the presence of the officer for the time being discharging the duties of Registrar General who shall sign every such deed, document or other instrument to which the corporate seal is affixed, and such signing shall be sufficient evidence that such seal was duly and properly affixed and that it is the lawful seal of the corporation.

(8) The corporation shall maintain proper records and accounts in respect of its transactions and the accounts shall be audited annually by the Auditor General.

## PART II

## REGISTRATION

**Societies which may be registered**

4. (1) A society which consists of individual persons only and which has as its object the promotion of the economic interest of its members in accordance with co-operative principles may be registered under this Act as a primary society.

(2) A society which consists of primary societies only and which has as its object the facilitation of the operations of such societies may be registered under this Act as a secondary society.

(3) A society which consists of secondary societies only or of secondary and primary societies and which has as its object the facilitation of the operations of such societies may be registered under this Act as a tertiary society.

**Conditions for registration**

5. (1) Subject to section 8, no society shall be registered as a primary society unless—

- (a) it consists of at least one hundred individual persons; and
- (b) each of such individual persons is qualified for membership under section 26 and is not disqualified for membership under section 27.

(2) No society shall be registered as a secondary society unless it consists of at least two primary societies.

(3) No society shall be registered as a tertiary society unless it consists of at least two secondary societies.

**Application for registration**

6. (1) Every application for registration shall be submitted to the Registrar General in the form prescribed in the regulations and shall be signed—

- (a) in the case of a primary society, by at least ten persons all of whom qualify for membership;

- (b) in the case of a secondary society or a tertiary society, by a duly authorized person on behalf of each primary society or secondary society, as the case may be.
- (2) The application for registration shall be accompanied by—
- (a) copies of the proposed by-laws, signed by the applicants; and
  - (b) subject to subsection 8(2), minutes of the inaugural general meeting, signed by at least fifty persons present.

### **Registration**

7. (1) The Registrar General may, subject to the regulations and upon receipt of such fees as may be prescribed by the regulations, register a society and its by-laws.

(2) Every society registered under subsection (1) shall be with limited liability.

(3) Where the Registrar General refuses to register a society, an appeal shall lie to the Minister against such refusal within two months from the date of such refusal.

(4) The word “*Koperasi*” shall form part of the name of every society registered under this Act.

(5) The word “*Berhad*” shall be the last word in the name of every society registered under this Act.

### **Special provision for certain societies**

8. (1) Notwithstanding subsection 5(1), if a society is unable to fulfill the condition specified in paragraph 5(1)(a) but is otherwise entitled to registration under section 7, the Registrar General may, after taking into account the number of persons in such society’s proposed area of operation who are qualified for membership and the nature of the society’s proposed activities, and if such society consists of at least twenty persons, register such society as a primary society under this Act.

(2) Notwithstanding paragraph 6(2)(b), the application for registration of such a society as is referred to in subsection (1) shall be accompanied by minutes of the inaugural general meeting signed by all persons present.

**Societies to be bodies corporate**

9. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold movable and immovable property of every description, to enter into contracts, to institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it is constituted.

**Evidence of registration**

10. A certificate of registration signed by the Registrar General shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been revoked.

## PART III

## DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES

**Address of registered society**

11. Every registered society shall have an address, registered in accordance with this Act, to which all notices and communications shall be sent, and shall inform the Registrar General of every change of that address.

**Registered name to be displayed**

12. Every registered society shall prominently display at its registered address and all its places of business the registered name of the society.

**Documents open to inspection**

13. Every registered society shall keep—

- (a) a copy of this Act and the regulations;
- (b) a copy of its by-laws and last audited accounts; and
- (c) a list of its members,

open to inspection, free of charge, at all reasonable times at the registered address of the society to members only.

### **Documents to be lodged with the Registrar General**

- 14.** Every registered society shall lodge with the Registrar General—
- (a) a list of members of the Board not later than fifteen days after its annual general meeting;
  - (b) minutes of all general and Board meetings not later than thirty days after the date of the meetings;
  - (c) such other information as the Registrar General may require in regard to the constitution, membership, working and financial condition of the society.

### **Register of members**

**15.** Any register or list of members kept by any registered society shall be *prima facie* evidence of the name, address, identity card number, membership number and occupation of a member and of the dates he became and ceased to be a member.

### **Proof of entries in books of society**

**16.** (1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the regulations, be received in any legal proceedings, whether civil or criminal, and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any registered society shall, in any legal proceedings to which the registered society is not a party, be compelled to produce any of the registered society's books, the contents of which can be proved under subsection (1), or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.

### **By-laws to bind members**

**17.** The by-laws of a registered society shall, when registered, bind the registered society and its members to the same extent as if they 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.

**Amendment of the by-laws of a registered society**

**18.** (1) Any registered society may, subject to this Act and the regulations, amend its by-laws, including the by-law which declares the name of the society.

(2) No amendment of the by-laws of a registered society shall be valid until that amendment has been registered under this Act, for which purpose copies of the amendment shall be forwarded to the Registrar General.

(3) If the Registrar General is satisfied that any amendment of the by-laws is not contrary to this Act or to the regulations, he may register the amendment.

(4) An appeal against the refusal of the Registrar General to register any amendment of any by-law shall lie to the Minister within three months from the date of such refusal.

(5) An amendment which changes the name of a registered society shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(6) When the Registrar General registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

(7) In this section, “amendment” includes the making of a new by-law and the variation or rescission of a by-law.

**Power of Registrar General to direct the convening of a general meeting for amendment of by-laws**

**18A.** (1) The Registrar General may direct any registered society to convene a general meeting, within a period to be specified by him which is not less than three months from the date of the notification given by him, for the purpose of amending its by-laws if the Registrar General is satisfied that—

(a) any by-law of a registered society is ambiguous or doubtful in interpretation and is likely to mislead or it conflicts

with or is inconsistent with this Act or any regulations made thereunder; or

- (b) an amendment is necessary or desirable in the interest of the registered society.

(2) If no general meeting is convened within the time specified in subsection (1), the Registrar General may amend the by-laws of the registered society on his own motion and any amendment made shall be deemed to be a registered amendment under section 18.

### **Formation of subsidiaries**

**19.** No registered society shall form, own, acquire or hold a subsidiary without the prior approval of the Registrar General.

### **Disposal of produce to or through a registered society**

**20.** (1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members, whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide in its by-laws or may otherwise contract with its members—

- (a) that every such member who produces any such articles shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged, in such manner as may be prescribed by the regulations, to be guilty of a breach of such by-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by such regulations.

(2) No contract entered into under this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

**Creation of charges in favour of registered societies**

**21.** (1) Subject to any prior claim of the Federal Government or any State Government on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and, in the case of immovable property, to any prior registered charge thereon—

(a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, fish (fresh water and salt water), felled timber or other forest produce, marine produce, livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock-in-trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given to him by the society;

(b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

(2) Nothing in paragraph (1)(a) shall affect the claim of any *bona fide* purchaser or transferee without notice.

**Lien and set-off in respect of share or interest of members**

**22.** A registered society shall have a lien upon the share or subscription or interest in the capital and deposits of a member or past member or deceased member and upon any dividend, patronage rebate, or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate, and may set-off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

**Share, subscription or interest not liable to attachment or sale**

**23.** Subject to section 22, the share or subscription or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or subscription or interest.

**Power to deal with the property and interest of deceased members**

**24.** (1) On the death of a member, a registered society may transfer the share or interest of such member—

- (a) in the case of a deceased member who was a Muslim, to the legal representative of such member or to such person as may appear to the Board to be a person entitled to such share or interest pursuant to any distribution made under any law relating to the distribution of estate; or
- (b) in the case of a deceased member who was not a Muslim, to the person nominated in accordance with the regulations in this behalf or, if there is no person so nominated, to such person as may appear to the Board to be the heir or legal representative of such member,

and may pay to such legal representative, nominee, heir or person, as the case may be, a sum representing the value of the deceased member's share or interest, as ascertained in accordance with the regulations or its by-laws.

(2) If the deceased member was not a Muslim, and the nominee, heir or legal representative is not qualified for membership in accordance with this Act, the regulations or the by-laws, the registered society may, on the application of such nominee, heir or legal representative, as the case may be, within six months of the death of such member, transfer the share or interest of such member to any person specified in the application who is so qualified.

(3) Notwithstanding subsection (1), if six months have elapsed since the death of a member who was a Muslim and the registered society concerned is unable to ascertain who the legal representative of such member is or no legal representative has been appointed or the estate of such member has not been distributed or the estate

of such member has been distributed but the registered society is unable to ascertain who the person entitled to such share or interest pursuant to such distribution is, the registered society may pay to the \*Official Administrator a sum representing the value of the share or interest of such member, as ascertained in accordance with the regulations or its by-laws.

(4) A registered society may pay all other moneys due to a deceased member from the registered society to the legal representative, \*Official Administrator, nominee, heir or person, as the case may be, referred to in subsections (1) and (3).

### **Deposits by or on behalf of minors**

**25.** (1) A registered society may receive deposits from or for the benefit of minors and the society may pay a bonus out of its net profit on such deposits.

(2) Any deposit made by or for the benefit of the minor may, together with the bonus, be paid to the minor or to the guardian of that minor for the use of that minor.

(3) The receipt of any minor or guardian for money paid to him by a registered society under this section shall be a sufficient discharge of the liability of the registered society in respect of that money.

## PART IV

### RIGHTS AND LIABILITIES OF MEMBERS

### **Qualification for membership**

**26.** In order to qualify for membership in a primary society, a person must—

- (a) be a citizen of Malaysia;
- (b) have attained the age of eighteen years or, in the case of a school co-operative society, have attained the age of twelve years; and
- (c) be resident or be employed or be in ownership of land within the area of operations of the primary society, or, in the case of a school co-operative society, be a registered student of the school.

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*\*NOTE*—All references to “Official Administrator” shall be construed as “Corporation”—see section 2 and subsection 43(3) of Public Trust Corporation Act 1995 [Act 532].

### **Disqualification for membership**

**27.** No person shall be eligible for admission as a member of a registered society if—

- (a) he is mentally disabled;
- (b) he is an undischarged bankrupt;
- (c) he is a person against whom a conviction stands for a registrable offence;
- (d) he has been expelled from membership under this Act and a period of one year has not elapsed from the date of such expulsion.

### **Members not to exercise rights till due payment**

**28.** No member of a registered society shall exercise the rights of a member unless and until he has made such payment to the registered society in respect of membership or acquired such interest in the registered society as may be prescribed by the regulations or by the by-laws of such society.

### **Restriction of membership in society**

**29.** No person shall be a member of more than one registered society whose primary object is to grant loans to its members.

### **Votes of members**

**30.** (1) No member or delegate of members of any registered society shall have more than one vote in the conduct of the affairs of the society, and in the case of an equality of votes the chairman shall not have a casting vote.

(2) Notwithstanding subsection (1), a member of a secondary or a tertiary society may have such voting powers as are provided by the by-laws of such secondary or tertiary society.

(3) Subject to sections 31 and 36, no member shall vote through another member and no delegate shall vote through another delegate.

**Representation by proxy**

**31.** A member of a secondary or a tertiary society may appoint any one of its delegates, who must be a member of its Board, as its proxy for the purpose of voting in the conduct of the affairs of such secondary or tertiary society.

**Contracts with society of members who are minors**

**32.** The minority of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Act or the regulations and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority.

**Restriction on shareholding**

**33.** No member, other than a registered society, shall hold more than one-fifth of the share capital of any registered society.

**Restrictions on transfer or charge of share or subscription or interest**

**34.** The transfer or charge of the share or subscription or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by or under this Act.

**Liability of past member and estate for debts of society**

**35.** (1) The liability of a past member of a registered society for the debts of the registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member of a registered society shall not be liable for the debts of the registered society as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

PART V

ORGANIZATION AND MANAGEMENT OF REGISTERED SOCIETIES

**General meetings**

**36.** Subject to the provisions of this Act, the regulations and the by-laws, the ultimate authority of a registered society shall vest in the general meeting of its members, at which every member by himself or by delegate, or, in the case of a secondary society or tertiary society, by proxy, has a right to attend and vote.

**General meeting of delegates**

**37.** Every registered society whose area of operation is over a State, over two or more States or throughout Malaysia shall make by-laws providing that representation at its general meeting shall be—

- (a) by delegates elected by individual members at their regional or area general meetings; or
- (b) by delegates of member societies.

as the case may be.

**First general meeting**

**38.** (1) Every registered society shall, within three months after receipt of the certificate of registration, hold the first general meeting of members or delegates.

(2) The business of the first general meeting shall include the election of office bearers who shall serve until the first annual general meeting and who shall be eligible for re-election.

**Annual general meetings**

**39.** Every registered society shall hold an annual general meeting of members or delegates not later than six months after the close of each financial year.

**Special general meetings**

**40.** (1) The Board of a registered society may, and shall on a requisition signed by at least one-fifth or one hundred of the members or delegates of the society, whichever is less, convene a special general meeting.

(2) The Registrar General or any person authorized by the Registrar General may summon at any time a special general meeting of a registered society in such manner and at such time and place as he may direct, and may specify what matters shall be discussed by the meeting; and such meeting shall have all the powers and be subject to the same rules as a general meeting called in accordance with this Act or the by-laws of the registered society.

**Notice of meetings to Registrar General**

**41.** Every registered society shall give to the Registrar General reasonable written notice of all general meetings which it is to hold and shall furnish to the Registrar General information relating to the date, time, place and the agenda of such meetings; and the Registrar General or any person authorized by general or special order in writing by the Registrar General shall have the right to attend any such meeting and to give advice on any matter under discussion, but the Registrar General or such authorized person shall have no right to vote at such meeting.

**Officers of a registered society**

**42.** Every registered society shall have—

(a) a Board, which shall consist of not less than six and not more than fifteen members; and

(b) an Internal Audit Committee, which shall consist of not less than three and not more than six members,

duly appointed at the annual general meeting.

### **Eligibility for appointment to the Board or Internal Audit Committee**

**43.** (1) No person shall be eligible to be appointed to the Board or the Internal Audit Committee of a registered society if—

- (a) he has been convicted of an offence under this Act; or
- (b) he has been dismissed as an employee of a registered society.

(2) No person shall be eligible to be appointed to the Internal Audit Committee of a registered society if he has been appointed to the Board of such registered society and no person shall be appointed to the Board of a registered society if he has been appointed to the Internal Audit Committee of such registered society.

(3) From the third year of registration of a society, no person shall be appointed to be a member of the Board of such registered society unless he has been a member of such registered society for a minimum period of two years.

(4) Subsection (3) shall not apply to a registered society with one hundred or less members and to school co-operative societies.

### **Duties and powers of the Board**

**44.** The Board of a registered society shall represent the society before all competent public authorities and in all dealings and transactions with third persons, shall have power to institute or defend suits brought in the name of the registered society and, in general, shall direct, manage and supervise the business, the funds and the property of the registered society, and shall exercise all the necessary powers to ensure the full and proper administration and management of the affairs of the society, except those powers reserved for the general meeting of members or delegates.

### **Liability of members of the Board**

**45.** (1) In the conduct of the affairs of a registered society, the members of the Board of such registered society shall exercise the

prudence and diligence of ordinary men of business and shall be jointly and severally liable for any loss sustained through failure to exercise such prudence and diligence or through any act which is contrary to the provisions of this Act, the regulations, the by-laws of such registered society or the direction of its general meeting.

(2) Notwithstanding subsection (1), no action, suit, prosecution or other proceedings shall be brought or instituted personally against any member of the Board or officer of a registered society in respect of any act done or statement made *bona fide* in pursuance or execution or intended execution of this Act, the regulations or the by-laws of such registered society.

(3) If the Board of a registered society has appointed a person as a manager to administer and manage the affairs of such registered society, such appointment shall not absolve the members of the Board from their liability and responsibility for the proper direction and conduct of the affairs of such registered society.

### **Remuneration to the members of the Board and Internal Audit Committee**

**46.** (1) A member of the Board or the Internal Audit Committee of a registered society may receive an allowance from that registered society, but the amount of allowance shall not exceed a sum which shall be fixed by the general meeting of that registered society before or at the commencement of his term of office.

(2) No member of the Board of a registered society appointed to represent such registered society on the board of directors of any of its subsidiaries shall receive or accept any remuneration from such subsidiary without the prior approval of the general meeting of such registered society.

(3) In this section, “allowance” means the remuneration paid to a member of the Board of a registered society or a member of the Internal Audit Committee of a registered society in consideration of his services rendered to the society on a regular basis.

**Suspension of officer of registered society**

**47.** (1) If any proceedings are instituted against an officer of a registered society in respect of a registrable offence or an offence under this Act, then—

- (a) the Board of that registered society shall suspend such officer from being an officer of that registered society; and
- (b) if such officer is also an officer of the Board of any other registered society, the Board of that other registered society shall suspend such officer from being an officer of that other registered society,

from the time he is first charged in court until the final determination of the proceedings against him, including any further proceedings by way of appeal, and he shall accordingly cease to exercise any rights or perform any functions or duties in respect of such office and he shall not receive any remuneration in respect of such office during the period of suspension.

(2) If an officer who has been suspended under subsection (1) is, upon the final determination of the proceedings against him, acquitted, he shall be paid such remuneration as would have been payable to him during the period of suspension but for the provisions of subsection (1).

**Consequences of conviction**

**48.** If an officer of a registered society is convicted of a registrable offence or an offence under this Act and the conviction is not set aside at the conclusion of all proceedings, including any appeal, such officer shall be deemed to have vacated his office from the date he is first charged for the offence and he shall be debarred from being appointed as an officer of any registered society.

**Powers and functions of the Internal Audit Committee**

**49.** (1) The Internal Audit Committee of a registered society shall examine all accounting and other records relating directly or indirectly to the registered society and its subsidiary or subsidiaries, if any, for the purpose of determining whether the affairs of such registered

society are conducted in accordance with the objects of such registered society, the provisions of its by-laws and the resolutions adopted at its general meetings, and, in particular, shall—

- (a) ascertain the authority and validity of all expenditures;
- (b) examine the accounts of the registered society, or appoint competent persons to examine such accounts, at regular intervals which shall not in any case be less than once every three months; and
- (c) communicate to the Board any discrepancies that may occur in the management of the registered society.

(2) The Internal Audit Committee of a registered society shall present at the annual general meeting a report on the management and affairs of the registered society, including any violations of the by-laws of the society.

(3) The Internal Audit Committee of a registered society shall at all times have access to all books, accounts and documents of the registered society, and any person required by the Internal Audit Committee to produce any information or such books, accounts and documents shall comply with such requirement.

(4) All costs and expenses incurred by the Internal Audit Committee of a registered society in the exercise of their duties, functions and responsibilities shall be borne by such registered society.

## PART VI

### PROPERTY AND FUNDS OF REGISTERED SOCIETIES

#### **Funds of a registered society**

**50.** The funds of a registered society may be raised by any or all of the following:

- (a) entrance fees, which shall not be refundable except in cases where an application for membership has been rejected;

- (b) shares subscribed and paid by members, of which a minimum number prescribed in the by-laws of such registered society shall not be withdrawable except after termination of membership, while shares subscribed in excess of this minimum contribution may be withdrawable or transferable or both, subject to the provisions of this Act and the regulations and to any limitations laid down in the by-laws of such registered society;
- (c) in the case of registered societies which have as their object the promoting of thrift among their members and the creating of a source of credit for their members, subscription capital;
- (d) specific savings of members, which shall be withdrawable subject to conditions laid down in the by-laws;
- (e) deposits or loans from members and non-members, subject to such restrictions as are laid down in this Act and the regulations and in the by-laws of such registered society;
- (f) surplus carried to the Reserve Account;
- (g) donations and grants made by third persons, except that no donations from any foreign source, whether offered directly or otherwise, shall be received by a registered society without the prior approval of the Registrar General.

### **Loans by a registered society**

**51.** (1) No registered society shall grant any loan or other credit facility except to—

- (a) its members;
- (b) its employees;
- (c) its subsidiary or subsidiaries; or
- (d) another registered society,

and such loan or other credit facility shall be subject to—

- (aa) the regulations and by-laws of such society; and
- (bb) in the case of its subsidiary or subsidiaries or another registered society, the approval of the Registrar General also.

(2) Subsection (1) shall not apply to a registered society that is permitted to grant any loan or other credit facility in accordance with the provisions of any other written law governing its operations.

(3) The Minister may, by general or special order, prohibit or restrict the lending of money on a charge or mortgage of immovable property by any registered society or class of registered societies.

### **Restriction on borrowing**

**52.** (1) A registered society may, subject to the approval of its general meeting or special general meeting, borrow funds from its members and non-members to be used for a specific purpose in its business.

(2) A registered society shall determine annually, at a general meeting, the maximum limit of indebtedness in respect of existing and new borrowings and deposits which may be incurred in the coming year.

### **Restriction on other transactions with non-members**

**53.** Subject to sections 51 and 52, the transactions of a registered society with persons other than its members shall be subject to such prohibitions and restrictions as may be prescribed by its by-laws.

### **Investment of funds**

**54.** (1) Subject to the regulations and its by-laws, a registered society may invest or deposit its surplus funds in—

- (a) any financial institution licensed under the Banking and Financial Institutions Act 1989 [Act 372];
- (b) any financial institution established by the Federal Government;
- (c) any registered society approved by the Registrar General by notification in the *Gazette*;
- (d) any bonds or securities issued in Malaysia and approved by Bank Negara Malaysia;

- (e) new shares, the issue or sale of which has been approved under the Securities Industry Act 1983 [*Act 280*], in any public limited company incorporated in Malaysia which is already listed on a stock exchange in Malaysia or the listing of which on a stock exchange in Malaysia has been approved under the Securities Industry Act 1983; or
- (f) such other investments and securities as are for the time being authorized under any written law for the investment of trust funds.

(2) No registered society shall invest its surplus funds in any other mode, except, with the approval of the Registrar General, in—

- (a) the shares or securities of any other registered society;
- (b) the share capital or convertible or redeemable debenture stocks of any company or any body corporate registered in Malaysia, other than those specified in subsection (1);
- (ba) any joint venture company; or
- (c) its subsidiaries.

(3) No registered society shall invest its funds under paragraphs (1)(e) and (1)(f) and subsection (2) exceeding a limit which shall be determined by its general meeting.

### **Capital gains**

**55.** (1) A registered society shall credit to its Capital Reserve Account all capital gains arising from—

- (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 Registrar General.

(2) The capital gains referred to in paragraph (1)(a) may be utilized by the registered society for all or any of the following purposes:

- (a) the issue of bonus shares;
- (b) the writing off of accumulated losses;

(c) the writing off of capital losses; and

(d) the creation of a Bonus Share Redemption Fund.

(3) No registered society shall utilize the capital gains referred to in paragraph (1)(a) for the purpose of issuing bonus shares unless and until all its accumulated and current losses, if any, have been completely written off.

(4) The capital gains referred to in paragraph (1)(b) may be utilized by the registered society for the issue to its members of bonus shares which shall not be withdrawn but which may, with the approval of the Board, be transferred to another member of that registered society or, in the case of a member who dies after the issue of the bonus shares, be paid out of the Bonus Share Redemption Fund of that registered society.

(5) The bonus shares redeemed by a registered society may be reissued as bonus shares to its members in accordance with the provisions of its by-laws.

(6) A register of bonus shares shall be maintained by the registered society.

(7) This section shall not apply to a registered society that is required by the provisions of any other written law governing its operations to deal with its capital gains in the manner provided in such law.

### **Net profits**

**56.** The audited net profits of a registered society for each financial year shall be determined after allowing for the operational expenses, provision for bad and doubtful debts, depreciation of assets, and diminution of investments.

### **Distribution of audited net profits**

**57.** (1) Every registered society shall pay into its Reserve Fund not less than fifteen per centum of its audited net profits for each financial year.

(2) Subject to subsection (7), every registered society shall, out of its audited net profits for each financial year, pay such sum as may be determined by the Minister to—

- (a) the Co-operative Education Trust Fund; and
- (b) the Co-operative Development Trust Fund for any secondary or tertiary society which the Minister has declared to be a body representing the co-operative movement at the national and international level,

established under the regulations for the furtherance of co-operative principles.

(3) No secondary or tertiary society shall be declared under paragraph (2)(b) to be a body representing the co-operative movement at national and international level unless—

- (a) the objects of such society include the promotion of co-operative principles and the facilitation of the operations of registered societies; and
- (b) the by-laws of such society provide for—
  - (i) the affiliation of all registered societies without any restrictions or the payment of any fee except entrance fees; and
  - (ii) the appointment to its Board, by the Minister, of at least one representative from his ministry and of one representative from the Ministry of Finance.

(4) There may be deducted from the sum mentioned in subsection (1) any sum paid pursuant to subsection (2).

(5) Subject to subsection (7), a registered society may, after the payments specified in subsections (1) and (2), utilize the audited net profits for each financial year for all or any of the following purposes:

- (a) the payment of rebate on patronage and return on deposits;
- (b) the payment of dividend, which shall not in any case exceed such maximum rate as may be prescribed in the regulations, on the shares and subscriptions of members of the registered society;

- (c) the payment of honoraria to members of the Board of the registered society, which shall not in any case exceed such sum as may be approved by the Registrar General;
- (d) the payment for any charitable purposes or for any other purpose of a sum not exceeding ten per centum of the audited net profits.

(6) No rebate on patronage, return on deposits or dividend on shares and subscriptions shall be payable to members of a registered society and no honoraria shall be payable to members of the Board of a registered society except out of the audited net profits of that registered society.

(7) No registered society shall utilize its net profits for any purpose under subsection (2) or (5) unless and until all its accumulated losses, if any, have been completely written off.

(8) Notwithstanding subsection (7), a registered society whose accumulated losses have not been completely written off may, with the approval of the Registrar General, utilize its audited net profits for the payment of dividends which shall not in any case exceed five per centum of the shares or subscriptions, or both, of members.

## PART VII

### ACCOUNTS AND AUDIT

#### **Maintenance of accounts**

**58.** (1) Every registered society shall cause to be maintained such accounting and other records as will sufficiently explain the transactions and financial position of the registered society and its subsidiary or subsidiaries, if any, and enable true and fair trading and profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time and shall cause those records to be maintained in such manner as to enable them to be conveniently and properly audited.

(2) Every registered society shall cause appropriate entries to be made in the accounting and other records as soon as possible but not later than thirty days of the completion of the transactions to which they relate.

(3) Every registered society shall cause to be prepared as soon as possible but not later than two months after the completion of each financial year its trading and profit and loss accounts and balance sheet together with any other document required for the purpose of audit.

(4) The records referred to in subsection (1) shall be kept at the registered office of the registered society or at such other place as the Board shall think fit and shall at all times be open to inspection by the Registrar General and by any person authorized by him generally or specially in writing.

(5) The Registrar General may in any particular case order that the accounting and other records of a registered society, including those of its subsidiary or subsidiaries, if any, be open to inspection by an approved auditor acting for any member or officer of such registered society, but only upon an undertaking in writing given to the Registrar General that any information acquired by the auditor during his inspection shall not be disclosed by him except to that member or officer.

### **Financial statement and report of the Board**

**59.** (1) Every registered society shall, at some date not later than eighteen months after the registration thereof and subsequently once at least in every calendar year, lay at its annual general meeting—

- (a) trading and profit and loss accounts, a statement of sources and application of funds for the period since the preceding accounts, or, in the case of the first account, since the registration of the society, or its subsidiary or subsidiaries, if any, made up to a date not more than twelve months before the date of the general meeting;
- (b) a balance sheet as at the date to which the accounts are made up;
- (c) a report signed by or on behalf of the Board with respect to the state of affairs of the registered society and its subsidiary or subsidiaries, if any;

- (d) the auditor's report referred to in section 63; and
- (e) the observations of the Registrar General referred to in subsection (2) on the accounts and balance sheet of the registered society and its subsidiary or subsidiaries, if any.

(2) The accounts and balance sheet of a registered society and its subsidiary or subsidiaries, if any, duly audited shall be submitted to its members not less than fifteen days and to the Registrar General not less than thirty days before the annual general meeting, and the Registrar General may make such observations as he deems fit on the accounts and balance sheet.

(3) Each report to which paragraph (1)(c) relates shall state with appropriate details—

- (a) whether or not the results of the operations of the registered society and of its subsidiary or subsidiaries, if any, in the period covered by the profit and loss accounts have, in the opinion of the Board, been materially affected by items of an abnormal character;
- (b) the amount, if any, which has been paid, declared or recommended to be paid by way of dividend;
- (c) whether or not any circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the registered society misleading or inappropriate;
- (d) whether any contingent liabilities which have not been discharged have been undertaken by the registered society or by any of its subsidiaries in the period covered by the profit and loss account and, if so, the amount thereof and whether or not any such contingent liability has become enforceable or is likely to become enforceable within the succeeding period of twelve months which will materially affect the registered society in its ability to meet its obligations as and when they fall due;
- (e) apart from the Reserve Account required under this Act, the amount, if any, which is proposed to be carried to any other fund or reserve account shown specifically on the balance sheet or to any other fund or reserve account to be shown specifically on a subsequent balance sheet; and

(f) where the Board is of the opinion that the total of the current assets would not at least realize the value at which they are shown in the accounts of the registered society, its opinion as to the amount that those current assets might reasonably be expected to realize in the ordinary course of business of the registered society.

(4) In subsection (3), the expression “items of an abnormal character” includes—

- (a) any change in accounting policies adopted since the last report;
- (b) any transfers to or from reserves or provisions;
- (c) any writing off of substantial amounts of bad debts;
- (d) any change in the basis of valuation of the whole or any part of the trading stock or of the whole or any part of the work in progress;
- (e) any item of an unusual nature or value which appears in the accounts; and
- (f) any absence from the accounts of any material item usually included therein.

(5) Every trading and profit and loss account and balance sheet laid before a registered society in the annual general meeting, including any consolidated profit and loss account and consolidated balance sheet, shall give a true and fair view of the state of affairs of the registered society and of its subsidiary or subsidiaries, if any.

## **Audit**

**60.** (1) Every registered society shall cause its accounts to be audited once at least in every financial year by some person approved by the Registrar General.

(2) Notwithstanding subsection (1), the Registrar General may at any time, of his own motion or on the application of a registered society, audit or cause to be audited the accounts of any registered society.

**Approval of auditor of registered societies**

**61.** (1) For the purposes of subsection 60(1), the Registrar General may by general or special order in writing, and upon the payment of such fees as may be prescribed, approve any competent person to audit the accounts of a registered society or societies, as the case may be, under this Act if—

- (a) such person applies in writing to the Registrar General to be so approved; and
- (b) the Registrar General is satisfied that such person is fit and competent to be so approved.

(2) No person shall be approved to audit nor shall he audit the accounts of the same registered society for any continuous period exceeding six years, but such person may be approved to audit and may resume auditing the accounts of a registered society two years after he has ceased to audit the accounts of that registered society.

(3) For the purposes of subsection (2), the approval for a further period of an auditor, which immediately follows his ceasing to act as the auditor of the same registered society, shall be construed as making the period continuous.

**Circumstances disqualifying a person from being approved or acting as auditor of a registered society**

**62.** No person shall be approved to audit the accounts of a registered society or, where he is already approved as an auditor, shall audit the accounts of a registered society or do anything required to be done by an auditor under this Act if—

- (a) he is in any way indebted to the registered society or to any of its subsidiaries for a sum which exceeds ten thousand ringgit;
- (b) he is an officer of the registered society or a partner of such officer in any enterprise;
- (c) he is an employee of the registered society or a partner of such employee in any enterprise;
- (d) he is an employee of an officer of the registered society or an employee of such employee; or

- (e) he has been convicted of any offence under this Act, or the Companies Act 1965 or of any offence involving fraud or dishonesty under any other written law.

### **Duties of auditor**

**63.** (1) The auditor of a registered society shall inspect and audit the accounts and other relevant records of the registered society and shall forthwith draw the attention of the Registrar General and the registered society to any irregularity disclosed by the inspection and audit that is, in the opinion of the auditor, of sufficient importance to justify his so doing.

(2) The auditor of a registered society shall audit and report on the financial statements submitted by the registered society after the close of the financial year.

(3) The auditor of a registered society shall, in respect of the accounts, records and statements referred to in subsections (1) and (2), report—

- (a) whether such financial statements give a true and fair view of the financial transactions and the state of affairs of the society; and
- (b) such other matters arising from the audit as he considers should be reported,

and shall state in his report whether—

- (aa) proper accounting and other records have been kept; and
- (bb) the receipt, expenditure and investment of moneys and the acquisition and disposal of assets by the registered society during the year have been in accordance with this Act, the regulations and the by-laws of that registered society.

(4) The auditor of a registered society may at any other time report to the Registrar General and the registered society upon any matters arising out of the performance of the audit.

(5) The audit of the accounts of a registered society shall include an examination of and report on overdue debts, if any, and an examination of and report on the valuation of the assets and liabilities of the registered society.

## PART VIII

## INSPECTION, INQUIRY, DISSOLUTION AND DISPUTES

**Power of Registrar General to inspect books, *etc.*, of registered societies**

**64.** The Registrar General, or any public officer authorized by him generally or specially in writing, shall have access to all the books, accounts, documents and securities of a registered society and its subsidiary or subsidiaries, if any, and shall be entitled to inspect the cash in hand; and every officer (including any past officer) of the registered society and its subsidiary or subsidiaries, if any, shall furnish such information and produce such books, accounts, documents and securities in regard to the transactions and working of the registered society and its subsidiary or subsidiaries, if any, as the person making such inspection may require.

**Power to seize and detain books and documents**

**65.** If, in the course of or consequent upon an inspection under section 64, it appears that an offence under this Act or the regulations has been committed, the Registrar General or the public officer authorized by him in writing to make such inspection may enter any premises belonging to or occupied by the registered society and may seize and detain any books, documents and securities of the registered society which may furnish evidence of an offence under this Act or the regulations.

**Inquiry**

**66.** (1) The Registrar General may, consequent upon an inspection under section 64 or audit under section 60, hold an inquiry or direct any person authorized by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial position of the registered society.

(2) For the purpose of an inquiry under subsection (1), the Registrar General or the authorized person referred to in subsection (1) may summon any person who he has reason to believe has knowledge of any of the affairs of the registered society and may examine such person on oath and may require any person to produce or surrender any books, accounts and documents in his custody belonging to the registered society and its subsidiary or subsidiaries,

if any, if the Registrar General or such authorized person has reason to believe that such books, accounts and documents may furnish evidence of an offence under this Act or under the regulations.

(3) Every person authorized under subsection (1) shall, upon the completion of an inquiry under subsection (1), report his findings to the Registrar General.

**Registrar General may communicate to registered society result of inspection or inquiry**

**67.** If an inspection is carried out under section 64 or an inquiry is held under section 66, the Registrar General may communicate the result of the inspection or the inquiry to the registered society and may, by order in writing, direct any officer of the registered society to take such actions as may be determined in the order to remedy, within such time as may be specified therein, the defects, if any, disclosed as a result of the inspection or the inquiry.

**Inspection on the application of creditors**

**68.** (1) The Registrar General may, on the application of a creditor of a registered society, inspect or direct any public officer authorized by him by order in writing in this behalf to inspect books, accounts, cash or other properties belonging to the registered society and its subsidiary or subsidiaries, if any, and the Registrar General or such public officer shall have all the powers under section 64.

(2) No inspection shall be made or directed under subsection (1) on the application of a creditor of a registered society unless the creditor—

- (a) satisfies the Registrar General that the debt is a sum then due and that he has demanded payment thereof and has not received satisfaction within reasonable time; and
- (b) deposits with the Registrar General such sum as the Registrar General may require as security for the costs of such inspection.

(3) The Registrar General shall communicate the result of an inspection under subsection (1) to the creditor and the registered society.

**Power of Registrar General consequent upon inquiry**

**69.** (1) The Registrar General may, after considering the facts disclosed in an inquiry under section 66 and if he deems it necessary in the interest of the registered society so to do, by order—

- (a) suspend all or any of the activities of the registered society, for such period as he shall specify;
- (b) suspend or dissolve the Board of the registered society; or
- (c) freeze the bank accounts of the registered society to prevent losses or misuse of funds.

(2) Any order made under subsection (1) shall have effect as soon as it is made and shall, unless it is set aside under subsection (7), be valid for such period as is therein specified; and such period may be extended from time to time but shall not in the aggregate exceed four years.

(3) Notwithstanding that an appeal has been lodged under subsection (7), the Registrar General may appoint a person (including a body corporate, whether registered under this Act or any other written law) to be an administrator to manage, subject to the supervision of the Registrar General, the affairs of the registered society; and such administrator shall manage the affairs of the registered society until a new Board has been elected under the by-laws of the registered society or, if the order made under subsection (1) is subsequently set aside, until the order is so set aside.

(4) A person appointed under subsection (3) shall have and exercise all the powers conferred on the Board of the registered society; and as respects the management of the registered society the following provisions shall have effect:

- (a) a person so appointed may be provided with such remuneration as the Registrar General may think fit;
- (b) any remuneration provided under paragraph (a) and all expenses and costs shall be payable out of the funds of the registered society; and
- (c) a person so appointed shall not be liable to the registered society or any member thereof or to any person for any act done by him in good faith.

(5) Nothing in this section shall be deemed to affect the power of the Registrar General to order the winding up of a registered society.

(6) Notwithstanding the foregoing provisions of this section, the Registrar General may by order remove any officer of the registered society if it is in the interest of the registered society for him so to do, but no person shall be so removed without giving him an opportunity to be heard; and any vacancy created by such removal shall be filled in the manner provided in the by-laws of the society.

(7) Any person aggrieved by the order of the Registrar General made under subsection (1) or subsection (6) may, within twenty-one days of the making of such order, appeal to the Minister, who shall confirm or set aside such order and the decision of the Minister shall be final and conclusive.

**Officer removed by the order of Registrar General shall not be reappointed**

**70.** If an officer of a registered society has been removed by order of the Registrar General under the provision of subsection 69(6), such officer shall thereafter not be eligible to be appointed as a member of the Board or any committee of the registered society or be re-employed by that or any other registered society, as the case may be, for a period of five years from the date of such removal.

**Dissolution**

**71.** (1) If the Registrar General, after an inspection has been made under section 64 or 68 or after an inquiry has been held under section 66 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the registered society ought to be dissolved, he may make an order for the revocation of the registration of the society.

(2) Any member of a registered society may, within a period of two months from the date of an order under subsection (1), appeal from such order to the Minister.

(3) If no appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall take effect on the expiry of that period.

(4) If an appeal is presented to the Minister from an order under subsection (1) within a period of two months from the date of such order, the order shall not take effect unless and until it is confirmed by the Minister.

(5) If the Registrar General makes an order under subsection (1) for the revocation of the registration of a registered society, he may make such further order as he may think fit for the custody of the books and documents and for the protection or disposal of the assets of the registered society until the order revoking the registration of the society takes effect under subsection (3) or, if an appeal is presented under subsection (4), until the order is confirmed or otherwise.

(6) No registered society shall be wound up except by an order of the Registrar General.

### **Dissolution in certain specific circumstances**

**71A.** (1) Notwithstanding the provisions of subsection 71(1), where in respect of a registered society, other than a registered society which is under investigation or is controlled or managed under the Essential (Protection of Depositors) Regulations 1986, [P.U. (A) 237/1986], the membership of the registered society is of such number as shall render compliance with subsection 71(1) not reasonably practicable and if the Registrar General has received an application from—

(a) not less than one-tenth of the members or such number of delegates representing not less than one-tenth of the members of the registered society; or

(b) the Board of the registered society,

for an order that the registered society be dissolved with the view to its reorganization as a company incorporated under the Companies Act 1965, the Registrar General shall, subject to subsection (3), notify or cause to be notified all members of the registered society of the matter.

(2) Where the Registrar General has received more than one application under subsection (1), he shall proceed with, as among applications which satisfy the requirements of this section, the application first received by the office of the Registrar General.

(3) An application under subsection (1) shall be accompanied by the documents and information referred to in subsection (6) except those under paragraphs (a), (b) and (j) thereof, and the Registrar General may at any time require the applicant to submit within the time stipulated by him such other documents or information as he deems necessary for the purpose of the application.

(4) The Registrar General may, before making any notification under subsection (1) and after informing the registered society of his intention to do so not later than two weeks before the appointment, appoint any person who is in the business of providing consultancy and advisory services relating to corporate and investment matters to advise him on the proposal contained in the application, or any aspect thereof.

(5) An application under subsection (1) may, at any time before any notification under the subsection is sent or published, as the case may be, be withdrawn by the applicant by a request in writing made to the Registrar General.

(6) The notification under subsection (1) shall—

(a) stipulate the period within which the reply form provided in the notification shall be returned by the member to the Registrar General and such period shall not be less than two months from the date of posting or publication, as the case may be of the notification;

(b) specify that in the event that—

(i) the reply form is not duly returned by the member within the period stipulated; or

(ii) the reply form is returned within the period stipulated and the Registrar General is satisfied that the reply does not indicate clearly a dissent to the dissolution and reorganization of the registered society,

the member shall be deemed to have assented to the decision to dissolve and reorganize the registered society in accordance with the scheme referred to in paragraph (e);

(c) include the audited accounts for the preceding financial year of the registered society;

- (d) include a declaration by—
- (i) each of the members of the Board of the registered society on the nature and extent, if any, of his interest in the successor company; and
  - (ii) each of the members under paragraph (1)(a) or members of the Board under paragraph (1)(b), as the case may be, on the aggregate shareholding held by him, individually or jointly with any other person, in the registered society;
- (e) include the scheme of reorganization proposed to succeed the registered society in such detail as shall be sufficient to advise the member of the nature and extent of his participation in the event of the dissolution and reorganization of the registered society which scheme shall be prepared by a person who is in the business of providing consultancy and advisory services relating to corporate and investment matters;
- (f) include, where the successor company is a company to be incorporated, the names and other particulars of the promoters of the company being not less than two persons and all such documents as are necessary for the formation and incorporation of the company;
- (g) include, where the successor company is an existing company, its Memorandum and Articles of Association and, to the extent applicable, the audited accounts for the three financial years preceding the current year;
- (h) include the nature and extent of any approval, consent or endorsement required from any relevant authority or person, apart from the assent of the members of the registered society under subsection (7), and which are necessary for the purpose of the scheme referred to in paragraph (e);
- (i) include a declaration by each of the members of the Board of Directors of the successor company, or the first Board of Directors of the proposed company and the promoters, in the case where the successor company is to be incorporated, on the nature and extent, if any, of his interest in the registered society; and

- (j) include such other document or information, including any advice as the Registrar General may have obtained under subsection (4), or any part thereof, as he deems necessary.

(7) Upon the expiry of the period referred to under paragraph (6)(a) and the Registrar General is satisfied that three-fourths of the members have assented to the dissolution and reorganization of the registered society as a company, he shall make an order for the revocation of the registration of the society:

Provided that the order of revocation shall have no force or effect until—

- (a) where the successor company is to be incorporated under the Companies Act 1965, its incorporation; or
- (b) where the successor company is an existing company, the completion of any act as is necessary to render it capable of undertaking the activities referred to in paragraph 75(1)(l); and
- (c) all approvals, consents or endorsements referred to in paragraph (6)(h) have been obtained.

(8) For the purpose of subsection (7), the date of expiry of the period referred to in paragraph (6)(a) shall be the later date of the following:

- (a) two months from the date of the last date of posting of the notification under subsection (1);
- (b) two months from the date of publication under subsection (11).

(9) Any costs incurred by the Registrar General pursuant to this section, including any costs incurred under subsection (4), shall be borne by the registered society.

(10) The notification referred to in subsection (6) shall be in writing and shall be sent by ordinary post to the member of the registered society at his last known address.

(11) Without prejudice to subsection (10), in addition to service of the notification by ordinary post to members of the registered society, the Registrar General shall also notify or cause to be

notified members of all matters referred to in subsections (1) and (6) by publication in at least one of the major local newspapers in the national language and in English and where applicable, having regard to the membership of the society, in the appropriate vernacular local newspaper.

(12) The publication of the notification under subsection (11) shall provide for the matters specified in subsection (6) and such publication shall be deemed to be sufficient notice to the members of the registered society.

(13) Subsections 71(2), (3), (4), (5) and (6) shall apply to this section but with the modification that all references therein to subsection 71(1) shall be construed as references to subsection 71A(1).

(14) For the purpose of this section—

“applicant”, in relation to an application made by the persons referred to in paragraph (1)(a), means all persons constituting the requisite one-tenth jointly;

“successor company” means the company, whether to be incorporated or existing, referred to in subsection (1).

(15) Where the successor company is a company whose securities or class of securities are quoted on a stock market of a stock exchange, including “*Pasaran Saham Bumiputra*”, and on the application of any applicant under this section, the Minister, acting on the recommendation of the Registrar General, may exempt the applicant from the requirement to submit any of the particulars under paragraph (6)(d), (f), (g) or (i) subject to such terms and conditions as he deems fit to impose including such guarantee or guarantees necessary for the protection of the members of the registered society.

### **Provision for dissenting members**

**71B.** Where pursuant to subsection 71A(7) the Registrar General makes an order for the revocation of the registration of a registered society, he shall, in relation to any member who has not assented to the dissolution and reorganization of the society as a company,

make an order to distribute to that member such sum of money being the value of the proportion of the assets of that society as would otherwise be distributed to him under paragraph 75(1)(p):

Provided that—

- (a) any dispute relating to or appeal on the nature or amount of the distribution to be made to the member shall not operate as a stay of the exercise of powers by the Registrar General under this Act for the implementation of the proposed reorganization; and
- (b) any resolution of the dispute on appeal or otherwise after the vesting date referred to in subsection 71c(1) shall be a liability of the successor company.

### **Transfer of assets of registered society to company**

**71c.** (1) In respect of a registered society referred to in subsection 71A(7) the Registrar General may, after making the distribution under section 71B if any, and after consulting the registered society, by order published in the *Gazette*, appoint a vesting date and on such date, all assets, rights or liabilities of the registered society specified by the Registrar General in the order shall by virtue of this Act be vested in the company referred to in the scheme of reorganization without any conveyance assignment or transfer whatever.

(2) Every asset vested by virtue of subsection (1) in the company shall be so vested in the company for the like title, estate or interest and on the like tenure as the same as vested or held immediately before the vesting date.

(3) Every chose-in-action vested by virtue of subsection (1) in the company may, after the vesting date, be sued on, recovered or enforced by the company in its own name and it shall not be necessary for the company to give notice to the person bound by the chose-in-action of the vesting effected by subsection (1).

(4) Every right and liability vested by subsection (1) in the company may, on and after the vesting date, be sued on, recovered or enforced by or against the company in its own name and it shall not be necessary for the company to give notice to the person whose right or liability is affected by the vesting under subsection (1).

(5) Any pending legal proceedings by or against the registered society which relate to any asset, right or liability transferred to and vested in the company by virtue of subsection (1) may, on and after the vesting date, be continued by or against the company.

(6) Where by virtue of subsection (1), any asset is transferred to and vested in the company, the provisions in Part Thirty of the National Land Code [*Act 56 of 1965*] applicable to a transferee other than a State Authority or the Government of a State shall, for the purpose of effecting the registration of such vesting, apply to the company.

### **Revocation of registration of a society due to lack of membership**

**72.** (1) The Registrar General may, by order in writing, revoke the registration of any registered society, other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of members of the first-mentioned registered society has been reduced to less than ten.

(2) Every order made under subsection (1) shall take effect from the date of such order.

### **Effect of revocation of registration**

**73.** If the registration of a registered society is revoked by an order under section 71, 71A or under section 72, the society shall cease to exist as a corporate body from the date on which the order takes effect.

### **Liquidation after revocation of registration of society**

**74.** If the registration of a registered society is revoked under section 71, 71A or section 72, the Registrar General may appoint a competent person to be liquidator of the registered society.

### **Liquidator's powers**

**75.** (1) A liquidator appointed under section 74 shall, subject to the guidance and control of the Registrar General and to any

limitations imposed by the Registrar General by order under section 76, have power to—

- (a) determine from time to time the contributions to be made by members and past members or by the estates of deceased members of the registered society to its assets;
- (b) appoint a day by notice before which creditors whose claims are not already recorded in the books of the registered society shall state their claims for admission or be excluded from any distribution made before they have proved them;
- (c) decide any question of priority which arises between claimants and draw up a scheme for the payment of their dues;
- (d) institute and defend suits and other legal proceedings by and on behalf of the registered society by his name or office and to appear in court as a litigant in person on behalf of the society;
- (e) empower any person to make collections and to grant valid receipts on his behalf;
- (f) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (g) give such directions in regard to the collection and distribution of the assets of the registered society and the disposal of the books and documents of the society as may be necessary in the course of winding up the society;
- (h) compromise any claim by or against the registered society provided the sanction of the Registrar General has first been obtained;
- (i) call such general meetings of members or delegates as may be necessary for the proper conduct of the liquidation;
- (j) take possession of the books, documents and assets of the registered society;
- (k) sell, convey, transfer, assign, exchange, surrender and yield up, lease, mortgage, charge, recover, reassign, or otherwise deal with, all or any part of the properties of the registered society, and deal with the proceeds thereof in any manner for the benefit, or in the interest, of the registered society or the members, depositors, creditors or customers of, or persons having any lawful dealings or transactions with, the registered society;

- (l) enter into any arrangement, agreement, or scheme with any person whereby all or part of the properties of the registered society are sold, conveyed, transferred, assigned, exchanged, surrendered and yielded up, leased, mortgaged, charged, reassigned, or otherwise disposed of, to any person in consideration of such person agreeing to meet all, or a specified part of, the liabilities of the registered society including the deposit liabilities of the registered society;
- (m) enter into any arrangement, agreement, composition, compromise, or scheme, with any depositors, creditors, customers or persons having any lawful dealings or transactions with the registered society whereby any right of any such person, or any liability of the registered society to any such person, is made subject to the arrangement, agreement, composition, compromise or scheme entered into by the liquidator;
- (n) employ any person as an employee of the registered society, or terminate the employment of any employee of the registered society, in accordance with the terms of the contract of service, or take such action, including disciplinary action and punishment, as may be deemed necessary, appropriate or expedient in respect of such employment or termination;
- (o) carry on the business of the registered society so far as may be necessary for winding it up beneficially; and
- (p) arrange for the distribution of the assets of the registered society in a convenient manner when a scheme of distribution has been approved by the Registrar General.

(2) Notwithstanding paragraph (1)(o), the liquidator of a credit society is not entitled to issue any loan.

(3) A liquidator may refer any dispute to the Registrar General, and in relation to such dispute section 82 shall apply as if such dispute were a dispute touching the business of a registered society.

(4) A liquidator shall deposit the funds and other assets of a dissolved society which are collected by him or which come into his possession as liquidator in such manner and in such place as may from time to time be determined by the Registrar General.

(5) A liquidator shall, every three months, or at such lesser intervals as the Registrar General may direct, submit to the Registrar General a report stating the progress made in winding up the affairs of the society, and shall, on completion of the liquidation proceedings, submit a final report and make over to the Registrar General all books, registers and accounts belonging to the society and all books and accounts relating to such proceedings kept by him.

(6) Any liquidator appointed under this Act shall in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided for in the case of a Sessions Court.

(7) If the Registrar General has, pursuant to subsection (4), determined that the funds of a dissolved society be remitted to him, such funds shall be held by him in a Trust Account to be known as the Co-operative Societies Liquidation Account pending their distribution to the beneficiaries in accordance with a scheme to be approved by him.

(8) The funds held in the Co-operative Societies Liquidation Account may be deposited or invested in accordance with the Trustee Act 1949 [*Act 208*] and the net income from such deposit or investment shall be credited to the Co-operative Central Fund which shall be held and administered by the Registrar General in accordance with the regulations.

### **Power of Registrar General to control liquidation**

**76.** The Registrar General may, in respect of a society referred to in section 74—

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of a liquidator under section 75;

- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the society; and
- (g) make an order for the remuneration of the liquidator, which remuneration shall be included in the costs of liquidation and shall be payable out of the assets in priority to all other claims.

### **Enforcement of order**

**77.** An order made by the liquidator or by the Registrar General under section 75 or 76 shall be enforced by any Sessions Court having jurisdiction over the place where the registered office of the society is situated in like manner as a judgement of that Court.

### **Limitation of the jurisdiction of the civil court**

**78.** Except as provided expressly in section 77, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Act, and no appeal shall lie to any civil court from any order of the liquidator.

### **Priority of payments by liquidator**

**79.** (1) In the liquidation of a society whose registration has been revoked, funds of the society, including the funds in the Reserve Account, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share or subscription capital and then, if the by-laws of the society permit, to the payment of a dividend at the rate prescribed in the regulations for any period for which no dividend was paid.

(2) The priority of payment of the unsecured debts of a society in such liquidation as is referred to in subsection (1) shall rank in the following order:

- (a) firstly, the costs of liquidation, including the remuneration of the liquidator as provided under paragraph 76(g);
- (b) secondly, all amounts due to the Government of Malaysia on unsecured loans or advances and all amounts due to the Employees Provident Fund;

- (c) thirdly, all deposit liabilities of such society;
- (d) fourthly, all wages or salaries (whether or not earned wholly or in part by way of commission) including any amount payable by way of allowance or reimbursement under any contract of employment or award or agreement regulating conditions of employment of any employee of such society, but not including any termination or retirement benefits payable on cessation of employment for any reason;
- (e) fifthly, all amounts due in respect of worker's compensation under any written law relating to worker's compensation in relation to physical injury to a worker employed by such society;
- (f) sixthly, all moneys payable to any person, whether in respect of remuneration or compensation, in relation to the death of any employee of such society;
- (g) seventhly, all payments due to any public authority under any written law by way of tax or otherwise;
- (h) eighthly, all other debt of such society due to any unsecured creditor.

(3) When the liquidation of a society has been closed and any person has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the *Gazette*, and all claims against the funds of the registered society liquidated shall be proscribed when two years have elapsed from the date of the publication of the notice in the *Gazette*.

(4) Any balance of the funds remaining after the expiry of the period of two years referred to in subsection (3) shall be credited into the Co-operative Central Fund.

### **Power of Registrar General to surcharge officers, etc., of a registered society**

**80.** (1) If, in the course of the winding up of a registered society or consequent upon an audit under section 60 or an inspection under section 64 or 68 or an inquiry under section 66, it appears

that any person who has taken part in the organization or management of such society or any past or present officer, agent, servant or member of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to such society, the Registrar General may of his own motion or on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar General thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar General thinks just.

(2) An order under subsection (1) shall be enforced by the Sessions Court having jurisdiction over the place where the registered office of the society is situated in like manner as a judgement of that Court.

(3) This section shall apply notwithstanding that the act referred to in subsection (1) is one for which the offender may be criminally responsible.

### **Appeal against the order of Registrar General**

**81.** Any person aggrieved by any order of the Registrar General made under section 71B or 80 may appeal to the Minister within twenty-one days from the date of such order and the decision of the Minister shall be final and conclusive.

### **Settlement of disputes**

**82.** (1) If a dispute touching the constitution, by-laws, election of officers, conduct of general meetings, management or business of a registered society arises—

- (a) among members, past members and persons claiming through members, past members and deceased members;
- (b) between a member, past member, or person claiming through a member, past member or deceased member, and the society, its Board, or any officer of the society;

(c) between the society or its Board and any officer of the society; or

(d) between the society and any other registered society,

such dispute shall be referred to the Registrar General for decision.

(2) A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member shall be deemed to be a dispute touching the business of the society within the meaning of subsection (1).

(3) The Registrar General may, on receipt of a reference under subsection (1)—

(a) decide the dispute himself;

(b) refer the dispute to an arbitrator or arbitrators for disposal; or

(c) require the parties concerned to refer the dispute to a court.

(4) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar General within two months from the date of the award and in such manner as may be prescribed in the regulations.

(5) The decision of the Registrar General shall be final and shall not be called in question in any civil court.

(6) The award of the arbitrator or arbitrators under subsection (3) shall, if no appeal is preferred to the Registrar General under subsection (4) or if such appeal is withdrawn or abandoned, be final and shall not be called in question in any civil court.

(7) The decision of the Registrar General or the award of the arbitrator or arbitrators which, by virtue of subsections (5) and (6), is final shall be enforced by the Sessions Court having jurisdiction over the place where the registered office of the society is situated in the same manner as if the decision or award had been a judgement of such Sessions Court.

(8) Any party aggrieved by the decision of the court on any dispute referred to it under paragraph (3)(c) may appeal therefrom in accordance with the provisions of the rules of court applicable thereto.

## **Tribunal**

**83.** (1) The Minister may, on the recommendation of the Registrar General, establish a tribunal to perform the functions specified in subsection (2).

(2) A tribunal established under subsection (1) shall hear and determine any dispute within the meaning of subsections 82(1) and (2) which is referred to it under this section.

(3) The Minister may make such regulations, which are not inconsistent with the provisions of this Act, as may be necessary or expedient for the purpose of enabling the tribunal to carry out its functions, and in particular, without prejudice to the generality of the foregoing power, such regulations may provide for the constitution, officers and proceedings of the tribunal.

(4) Upon the establishment of a tribunal under subsection (1), all disputes within the meaning of subsections 82(1) and (2)—

- (a) arising after such establishment; or
- (b) which, before such establishment, have been referred to the Registrar General under subsection 82(1) but in respect of which—
  - (i) no step has been taken or no proceedings have been commenced by the Registrar General for their disposal under paragraph 82(3)(a); or
  - (ii) no decision has been made by the Registrar General to refer them to an arbitrator or arbitrators for disposal under paragraph 82(3)(b) or to require the parties concerned to refer them to a court under paragraph 82(3)(c),

shall be referred to such tribunal.

- (5) A tribunal established under subsection (1) may—
- (a) procure and receive all such evidence, whether written or oral, and examine all such persons as witness as the tribunal may think it necessary to procure or examine;
  - (b) require the evidence of any witness to be made on oath or affirmation, (and may for those purposes administer any oath or affirmation) or by statutory declaration;
  - (c) summon any person to attend any meeting of the tribunal to give evidence or produce any document or other thing in his possession and examine him as a witness or require him to produce any document or other thing in his possession;
  - (d) hear and determine the dispute referred to it notwithstanding the absence of any party to the dispute who has been served with a summons or notice to appear;
  - (e) notwithstanding any written law relating to evidence, admit any evidence, whether written or oral, which might be inadmissible in civil or criminal proceedings; and
  - (f) conduct its proceedings or any part thereof in private.
- (6) The award of a tribunal shall be binding upon the parties.

(6A) Where an award has been made by a tribunal, the Secretary of the tribunal shall on the application of the party seeking to enforce the award send within thirty days from the date of the application a certified copy of the award to the Registrar of the Sessions Court having jurisdiction over the place where the registered office of the society is situated or over the place where the award was made and such Registrar shall cause the award to be recorded and the award shall thereafter for all purposes be enforceable as a judgement of the Sessions Court in accordance with such rules of the court as may be applicable or, in the absence of such rules, in such manner as it may deem just or expedient.

(6B) Notwithstanding the period specified in subparagraph (1)(a) of Order 31 rule 2 of the Subordinate Courts Rules 1980 [*P.U. (A) 328/1980*], the period specified in that subparagraph shall, in relation

to awards made before the coming into operation of subsection (6A), be deemed to run from the date of commencement of that subsection.

(6c) Notwithstanding any written law or rule of law to the contrary, the Sessions Court shall have power to enforce any award made by the tribunal.

(7) Any party aggrieved by the award of a tribunal may appeal therefrom to the High Court in accordance with the provisions of the rules of court applicable thereto.

(8) Notwithstanding the establishment of a tribunal under subsection (1), the Registrar General before whom a dispute is pending under paragraph 82(3)(a) or any arbitrator or arbitrators to whom a dispute has been referred under paragraph 82(3)(b) shall continue to deal with such dispute under those paragraphs, and subsections 82(4), (6) and (7) shall continue to apply to the decision of the Registrar General or the award of such arbitrator or arbitrators, as the case may be.

(9) Subsections 82(3), (4), (5), (6), (7) and (8) shall not apply to any dispute referred to a tribunal under this section.

(10) Any reference in this Act to a decision of the Registrar General or an award of an arbitrator or arbitrators shall, in respect of disputes determined by a tribunal under this section, be construed as a reference to an award of such tribunal.

### **Case stated on question of law**

**84.** (1) Notwithstanding anything contained in section 82, the Registrar General, at any time when proceeding to a decision under this Act, or the Minister at any time when an appeal has been preferred to him against any decision of the Registrar General under this Act, may refer any question of law arising out of such decision for the opinion of the High Court.

(2) Any Judge of the High Court, as the Chief Justice may direct, may consider and determine any question of law referred to such High Court under subsection (1), and the opinion given on such question shall be final and conclusive.

PART IX

MISCELLANEOUS

**Voluntary amalgamation, transfer and division**

**85.** A registered society may—

- (a) amalgamate with another registered society or other registered societies to form one single society;
- (b) transfer its assets and liabilities to another registered society; or
- (c) divide itself into two or more societies,

in accordance with the regulations.

**Power to make regulations**

**86.** (1) The Minister may make all such regulations as may be necessary for the purpose of carrying out or giving effect to the principles and provision of this Act.

(2) In particular, without prejudice to the generality of the power conferred by subsection (1), such regulations may—

- (a) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter for such application;
- (b) prescribe the conditions to be observed by a registered society applying for financial assistance from the Government;
- (c) prescribe the matters in respect of which a registered society may or shall make by-laws and for the procedure to be followed in making, amending and rescinding by-laws, and the conditions to be satisfied prior to such making, amendment or rescission;
- (d) prescribe all matters relating to the appointments and terms of office of members of the Board of a registered society;
- (e) prescribe the manner in which a particular activity may be carried out by a registered society;

- (f) prescribe the purposes for which specific savings may be utilized;
- (g) prescribe all matters relating to the amalgamation and division of registered societies and the transfer of assets and liabilities of registered societies, including the vesting of assets and liabilities of—
  - (i) amalgamating societies in the amalgamated society;
  - (ii) a registered society in the new societies created pursuant to a division;
  - (iii) a registered society in another society pursuant to a transfer,the registration of the amalgamated society, the new societies and the transfer, and the revocation of the registration of, in the case of an amalgamation, the amalgamating societies, in the case of a division, the existing society, and, in the case of a transfer, the transferor society;
- (h) prescribe the purposes for which the funds in the Reserve Account, other than those arising from capital gains, may be utilized;
- (i) prescribe the maximum rate of dividend on share capital or subscription capital which may be paid by registered societies;
- (j) prescribe the manner in which the Co-operative Central Fund and the Co-operative Societies Liquidation Account shall be held, administered and used;
- (k) subject to the express provisions of this Act, determine in what cases an appeal shall lie from the orders of the Registrar General and prescribe the procedure to be followed in presenting and disposing of such appeals;
- (l) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar General or such arbitrator or arbitrators;
- (m) prescribe the procedure to be followed by the liquidator appointed under section 74 and the cases in which appeals shall lie from the orders of such liquidator;

- (n) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the regulations;
- (o) provide for the inspection of documents and registers at the Registrar General's office and the fees to be paid therefor and for the issue of copies of such documents or registers;
- (p) provide for the establishment of a National Co-operative Consultative Council;
- (q) make provisions for the better carrying out of this Act and in particular provisions relating to sections 71A, 71B and 71c;
- (r) prescribe the manner in which the Co-operative Education Trust Fund and the Co-operative Development Trust Fund shall be held, administered and used.

(3) Without prejudice to the provisions of subsections (1) and (2), the Minister, with the concurrence of the Minister of Finance, may make such regulations as may be necessary for the purpose of controlling or regulating the activities, and to provide for the better management, of registered societies carrying on the business of financing or the business of insurance.

### **Exemption**

**87.** The Minister may, on being satisfied that it is desirable to do so in the interest of the development of registered societies generally or of a particular registered society or a particular class of registered societies, by general or special order, subject to such conditions as he may impose, exempt any registered society or class of registered societies, from any of the provisions of this Act, or direct that such provisions shall apply to any registered society, or class of registered societies, with effect from such date or with such modifications as may be specified in the order.

### **Recovery of sums due to Government**

**88.** (1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the Federal Government or any State Government may be recovered as a debt due to such Government.

(2) Sums due from a registered society to the Federal Government or any State Government and recoverable under subsection (1) may be recovered—

- (a) firstly, from the property of the society;
- (b) secondly, in the case of registered societies in which the liability of members is limited, from the members subject to the limit of their liability; and
- (c) thirdly, in the case of other societies, from the members.

### **Prohibition of the use of the word “*koperasi*”**

**89.** (1) No person other than a registered society shall trade or carry on business under any name or title of which the word “*koperasi*” or its equivalent in any other language is part.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding five thousand ringgit, and, in the case of a continuing offence, to a further fine not exceeding five hundred ringgit for each day during which the offence continues after conviction.

### **Non-application of certain laws**

**90.** The provisions of the laws for the time being in force relating to trade unions, associations, societies and companies shall not apply to societies registered under this Act.

### **General offences**

**91.** (1) It shall be an offence under this Act if—

- (a) a registered society or an officer or an employee or a member thereof neglects or refuses to do an act or furnish information required for the purpose of this Act by the Minister, Registrar General or a person duly authorized in that behalf by the Minister or the Registrar General as the case may be;
- (b) a registered society or an officer or an employee or a member thereof makes a false return or furnishes false information;

- (c) a person without reasonable excuse disobeys any summons or requisition or lawful written order issued under the provisions of this Act or does not furnish information lawfully required from him by a person authorized to do so under the provisions of this Act;
- (d) a registered society or an officer or an employee or a member thereof performs any act which requires the consent or the approval of the Registrar General or the general meeting without first having obtained such consent or approval;
- (e) a registered society or an officer or a member of the Internal Audit Committee or an employee or a member thereof neglects or refuses to do an act or thing which is required by or under this Act to be done;
- (f) a member of the Internal Audit Committee of a registered society or an auditor makes a false report under subsection 49(2) or section 63, as the case may be;
- (g) a registered society or any person does or causes to be done any act or thing prohibited by, or fails to comply with, the requirements of this Act.

(2) Every registered society or officer, employee or member of a registered society, or other person, guilty of an offence under this section shall be liable, on conviction, to a fine not exceeding fifty thousand ringgit or to a term of imprisonment not exceeding four years or to both, and, in the case of a continuing offence, to a further fine of one hundred ringgit for each day during which the offence continues after conviction.

### **Proceedings how and when taken**

**92.** The Registrar General or any public officer authorized by him in writing may, with the consent of the Public Prosecutor in writing, prosecute in any court any case in respect of any offence committed under this Act.

### **Power of Registrar General to compound offences**

**93.** (1) The Registrar General may, in a case where he deems it fit and proper to do so, compound any offence committed by any person which is punishable under any provision of this Act, by

making a written offer to such person to compound the offence by paying to the Registrar General within such time as may be specified in the offer such sum of money as may be determined in the offer which shall not exceed fifty per centum of the amount of the maximum fine (including the daily fine, if any, in the case of a continuing offence) to which that person would have been liable if he had been convicted.

(2) An offer under subsection (1) may be made at any time after the offence has been committed, but before prosecution for it has been instituted, and where the amount specified in the offer is not paid within the time specified in the offer, or any extension of it which the Registrar General may grant, prosecution for the offence may be instituted at any time thereafter against the person to whom the offer was made.

(3) If an offence has been compounded under subsection (1), no prosecution shall thereafter be instituted in respect of such offence against the person to whom the offer to compound was made.

## PART X

### REPEAL, SAVING AND TRANSITIONAL

#### Definition

**94.** In this Part, “repealed laws” means the laws repealed under section 95.

#### Repeal and saving

**95.** (1) The following Act and Ordinances are repealed:

- (a) the Co-operative Societies Act 1948 [Act 287];
- (b) the Co-operative Societies Ordinance 1958 (Sabah) [*Sabah Ord. No 3 of 1958*]; and
- (c) the Co-operative Societies Ordinance (Sarawak) [*Sarawak Cap. 66*].

(2) The body corporate established under section 3A of the Co-operative Societies Act 1948 under the name “Registrar General of Co-operative Societies, Malaysia” shall continue to exist as a

body corporate under this Act and shall be deemed to be the body corporate established under section 3.

(3) Subject to subsection (4), any register kept or maintained or any fund held and administered pursuant to the repealed laws shall be deemed to be part of a corresponding register or fund under this Act.

(4) Notwithstanding subsection (3)—

(a) the Audit and Supervision Fund constituted under the Co-operative Societies Rules of Sabah and the Co-operative Societies Rules of Sarawak shall continue to be held and administered by the Registrar responsible for registered societies in the State of Sabah or Sarawak, as the case may be, and shall be used for the purposes provided for under the repealed Co-operative Societies Ordinance 1958 (Sabah) [*Sabah G.N. S. 3 of 1958*] or Co-operative Societies Ordinance (Sarawak) [*G.N. S. 1 of 1949*], except that no new contribution to such Fund shall be levied; and

(b) the funds deposited in a bank or with a registered society by the Registrar under the provisions of subsection 46(3) of the repealed Co-operative Ordinance 1958 (Sabah) or Co-operative Societies Ordinance (Sarawak), as the case may be, shall, within six months from the date of coming into force of this Act, be transferred to the Co-operative Societies Liquidation Account held by the Registrar General under subsection 75(7).

(5) The Minister may make regulations to provide for the manner in which the Fund referred to in paragraph (4)(a) shall be held and administered and, upon such Fund becoming exhausted, for its dissolution and for other matters connected therewith.

### **Status of registration and by-laws of societies registered under the repealed laws**

**96.** (1) A society which was immediately before the commencement of this Act registered or deemed to be registered under the provisions of the repealed laws shall be deemed to have been registered under this Act.

(2) Subject to subsection (3), societies registered or deemed to be registered under any of the repealed laws shall, not later than two years after the commencement of this Act, amend their by-laws so as to bring them in conformity with the provisions of this Act.

(3) Subsection (2) shall not apply to any by-law of a registered society made under any of the repealed laws under which individual persons as well as registered societies, or under which different types of registered societies, may become members of such society or which provides that such society shall be a society with unlimited liability, if such by-law was not inconsistent with the repealed law under which it was made.

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**LAWS OF MALAYSIA****Act 502****CO-OPERATIVE SOCIETIES ACT 1993**

## LIST OF AMENDMENTS

Amending law	Short title	In force from
Act A928	Co-operative Societies Act (Amendment) 1995	10-11-1995
Act A963	Co-operative Societies Act (Amendment) 1996	13-09-1996
Act A1128	Co-operative Societies Act (Amendment) 2001	28-09-2001

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**LAWS OF MALAYSIA****Act 502****CO-OPERATIVE SOCIETIES ACT 1993**

## LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
3	Act A928 Act A963	10-11-1995 13-09-1996
18A	Act A928	10-11-1995
54	Act A963	13-09-1996
57	Act A963	13-09-1996
59	Act A928	10-11-1995
71A-71C	Act A928	10-11-1995
73	Act A928	10-11-1995
74	Act A928	10-11-1995
81	Act A928	10-11-1995
83	Act A1128	28-09-2001
86	Act A928 Act A963	10-11-1995 13-09-1996
91	Act A928	10-11-1995

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