



CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LTD.

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**MINUTES OF THE 84th VIRTUAL ANNUAL GENERAL MEETING
HELD ON 29 August 2020(Saturday) AT Singapore Statutory Boards
Employee's Co-operative, 11 Cantonment Road, Singapore 089736**

Attendance : 67Members attended the Virtual AGM 22020 by proxy voting.

24 Members submitted the online pre-registration for the Zoom Webinar Participation but only 16 members(BOD, Members & 2 MCCY Officials) viewed the AGM 2020 via Zoom.

Chair : Mr. S Krishnan, the Chairman of the Society chaired the meeting.

PRESENTATION OF THE SCHOLARSHIP AWARDS

Eighteen (18)scholarshipawardsamounting to \$3,300/- were given to the successful candidates

The cheque awards were handed over to the candidates' parents when they came over to our Co-op Office @ Parklane to submit their proxy voting forms and sign the Virtual AGM Attendance Register.

ADDRESS BY CHAIRMAN

Dear members

Good Morning and I welcome all of you who have joined today's meeting via Zoom webinar to the 84th Annual General Meeting of our Customs Credit Cooperative Society.

In our Cooperative's 88 years history, I think this is the very first time that our AGM is conducted under such a setting. The Covid 19 pandemic continues to ravage the world, killing people, wrecking economies and creating a new normal like this unprecedented webinar meeting.

Singapore too is facing great many challenges including business closures, retrenchments and contraction of the economy. This pandemic induced environment will also directly impact our income as besides loan interest, our 2nd life line of income are the dividend yields from our stocks.

For this 84thmeeting the Secretary has informed us that we have received a very good response from our members to attend. We appreciate it and I am taking this opportunity to inform you why a 88 years old organisation is slowing fading under very extenuating circumstances.

For decades since our founding in 1932, the Customs Credit Cooperative was the darling to our members readily meeting their financial need s be it renovation, medical, education or urgent loans. Officers have repeatedly thanked the Society for the loans given especially for education and seeing their children graduate as

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doctors. Others are eternally grateful for the loan given for medical treatment for their family members.

We had good dividends and other subsidised activities. This was possible because of a healthy demand for loans from young officers and Customs Dept was expanding and more officers joined the service and became members. Almost all our cash Fixed deposits were held in Banks attracting high interest rates. Some of you may even recall that between 1985 to 1990, Singapore had a very high interest rate –as high as 6.3% just for savings account. However Interest rates started to drop gradually until the 1997 Asian Financial Crisis and in 1998 the interest rate spiked to 3.49%.. Our Cooperative remained unscathed as loans were very healthy and interest from banks increased our surpluses which we returned to members as dividends.

However the recovery from the AFC was short lived because of the dot.com bust in 2000 followed by 9/11 WTC attack in USA in 2001. Bank interest rates fell the lowest ever in the history of Singapore from 0.75% in 2002 and 0.11% in 2005.

Meanwhile in 2003, to meet emerging security challenges the merging of Singapore Immigration and checkpoint operations of CED was announced and 1st Apr 2003 Immigration and Checkpoint Authority (ICA) began operating as a new Department.

A large reservoir of potential members and existing members were transferred from CED to ICA under MHA. It was a big blow because not only we lost a sizeable chunk of potential members, the bank interest rates were also about 0.44%. We prevailed but loans and surplus were impacting our financial performance as new recruit intake in Singapore Customs was small and we were not allowed to recruit ICA staff as members of our co-op.

In 2008/2009 the world experienced the worst financial crisis. You will remember the Great Financial Crisis, or GFC, the collapse of Lehman Brothers and other banks and financial institutions around the globe.

Here in Singapore all hell broke loose, especially for our closed door cooperative for customs officers only. Our Regulators introduced a slew of measures and prudential requirements to safeguard members savings and deposits. That was their immediate priority and prudential measures include minimum Capital Adequacy Ratio of 8% to attain by 2016 and raised to 10% by 2021. Investments were restricted with a baseline of 10%.

Minimum Liquid Assets Requirements (MLA) was 13%. Our MLA was 76%, very high because of the huge deposits in the banks amounting to almost \$13 million dollars. Bank savings interest rates also nose-dived to a low 0.22% in 2009 to 0.16% in 2010. Our reserve funds were adequate then to meet the normal statutory requirements.

To comply with these new prudential requirements, we sprung into action and sought advice from SNCF, larger cooperatives, accountants and attended all the FGD sessions organised by the Ministry to better understand these new unfamiliar prudential requirements. The open credit cooperatives were also in a frenzy recruiting as many members as possible to deal with the new normal to increase their loans growth, reduce subscriptions and meet the prudential requirements.

Membership in these coops skyrocketed because of their intense campaigning visiting workplaces to woo potential members. We could not do as what they were doing because of our restricted membership.

With all the advice given we knew that we are not immune to the impact and will be facing unprecedented serious challenges especially meeting the CAR requirement

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of 8% by 2016 because of limited revenue growth, falling membership, low interest rate, and high liquidity. Under these trying circumstances we took heed of all the advice given and the Board took the bold decision to return the savings amounting to \$5 million. These savings were mostly from members who hardly took a loan and some held large savings of more than 100k in their accounts. It was a mammoth task and we undertook to explain to the members in the AGM and by letter before returning the money and capping the thrift savings and limiting subscription.

Thereon with very little room to wiggle, to increase our membership we submitted a proposal to the Registrar to amend the existing By-Law to extend membership to all public officers. Registrar did not accede to our request because beside other reasons our cooperative would be further burdened with increased deposits by such new members recruited resulting in additional pressure on our ability and effort to increase to the 8% CAR requirement.

Moving on with a mandate given by our members we worked hard to diversify our stream of income to increase our revenue growth. These include purchase of suitable long term investment stocks for dividend yields. To minimise risk exposure to equities we also separately established a Training Institute registered as CCCS International Training Institute with a goal to generate steady regular income from courses conducted. Within 2 years we became a WSQ Approved Training Organisation (ATO) to conduct security related courses. We commenced courses in late 2015 and 2016. However the following year in 2017 because of early start-up costs and escalating upfront payment for trainers, course development fees, assessors fees we had to sell off as we were not able to continue to absorb losses and impact our cooperative well-being.

We still hold 100k shares in the company. In 2019 CCCS Training is doing well with a business turnover of over \$1 million and a modest surplus. Do a google search cccs.edu.sg to find out more and if you are interested to enroll security officer course you can enroll!

As for the equities, we did reasonably well receiving a total of \$333,537.42 as dividends for all stocks we held between 2013-2020.

I sincerely hope that all members have a crisp clear narrative of our cooperative and the sequence of events that took place in 2003 after the ICA & Customs merger and after the GFC in 2009 and to date, we continue to face challenges in membership and revenue growth.

Business Performance

Our Loans decreased from \$1,390,288 in 2018 to \$1,191,740 in 2019. Gross Profit \$610,908. Net profit \$37,039.

Reason for the negative asset - write off of M1 securities \$178,473 and

Loss of fair value investment securities amounting to \$208,573 – (these are unrealised loss from share price decline of SPH, SIA Engineering and Star Hub)-Not Sold Stocks.

I received a phone call enquiry for the reason to include the unrealised loss in the income statement instead of “accumulated other comprehensive income” in Page 17 of the Financial Statement. The caller said that this is a “paper loss” and we should

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not record the \$208,573” as a real loss on the income unless sold. He also referred me to page 17. The Treasurer is in consultation with our Auditors on this matter.

I would like elaborate on the M1 write off reasons amounting to \$178,473.00 in 2019.

We purchased the M1 share as a dividend stock in 2013 - average price \$3.19

Total dividend received 2013-2018 \$105,317

Delisted after 18th March 2019.

Reason for delistment Keppel Corp and SPH thru a joint company bought out the Axiata Group’s 28.7% stake in M1 giving them majority control.

December 2018 makes voluntary offer of \$2.06 per share of M1 and the cash offer is 26% more than the last price on Sep 21 before the stock was halted from trading. Hence shares disposed at the offer price.

As for the 3 dividend stocks - total dividends collected to date(169,715.00). Stock price have declined and in 2020 in a pandemic-induced environment, shares price may decline further unless a vaccine is found, travel is eased and people move more freely than now and business is as usual.

Legislative changes and Amendments to the Cooperative Act.

The new Amended Co-operative Act came into force on 10th April 2018. This includes co-opting of members to beef up the quality of the Board. Also in 2021, CAR level will be raised to 10%. Other changes include mandatory and requisite qualification to serve the COM. In this regard I would like to place on record our sincere appreciation to Registrar for proposing 2 senior officers, Mr Winston Tay and Mr Darrel Toh to be co-opted to the board and the Director-General of Customs for allowing them to serve on the Board wef Nov 2019. We welcome them and look forward for their valuable assistance to help make our cooperative a relevant and sustainable organisation .

Future plans.

In the recent zoom meeting with the Registry, Registrar has expressed her concerns and will be considering more tighter rules in granting loans. We have explained to her that these measures will be catastrophic as our loans are granted only to customs officers and ex customs officers who may need to borrow for themselves or their loved ones who may be also impacted by the COVID 19 environment. We also emphasised loans are our core activity and further curbing measures will only exacerbate the situation. Also apart from the M1 write off the remaining stocks are for the long haul and will not be sold for now. We hope that the Registrar will consider the matter sympathetically.

2020 will be another dreadful year and much of our performance is very dependent on our loans and our dividend stocks. Given the pandemic environment it appears that the share market may deteriorate before a rebound hopefully sooner or early next year. Notwithstanding we will endeavour to improve our general reserve , seek advice on returning any unused cash from non-borrowers to reduce MLA, limit our

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risk exposure, improve our CAR and built our cash reserve and cut costs where necessary.

Conclusion

I am pleased to inform members that beside the 2 incumbent officials Messrs Mohan and Nama, who are elected to serve on the Board, 3 officials Mr Choo Teik Choon, Mr Thanabalan and Mr Gurmit Singh Bajaj are elected to serve on the Board. I wish them well and deeply appreciate their much needed presence to beef up our cooperative management and improve our financial performance.

Before I end I would also like to place on record our sincere appreciation to Mr. Hamid , our past Assistant Treasurer who has diligently and passionately served on the Board for the past 34 years and Mr. Lim What Chief Committee Member who has passionately served on the Board for the last 33 years. We wish them many happy years ahead.

Thank you and I will hand over to our Treasurer, Mr Farihullah who shall present a more detailed financial report. STAY SAFE

CONFIRMATION OF MINUTES

The minutes of the 83rd Annual General Meeting held on 15 June 2019 which had earlier been sent to members were confirmed through proxy voting..

ADOPTION OF THE ANNUAL REPORT

The Report of the Board of Directors for the Year Ending 31 Dec 2019 was uploaded onto our website 15 days prior to the Virtual AGM 2020 and was unanimously adopted through proxy voting by our Co-op Society Members.

STATEMENT OF ACCOUNTS FOR 2019

The Statement of Accounts for the year ending 2019 which was audited by our external auditor and uploaded onto our CCCS Website was adopted and resolved through proxy voting by our Co-op Society Members.

PROXY VOTING TO APPROVE THE PROPOSED RESOLUTIONS FOR 2020/2021

RESOLUTIONS BY THE BOARD OF DIRECTORS – AGM 2020

Secretary reported via ZOOM Webinar the Proxy Vote Casting to confirm/pass the resolutions.

The voting results are indicated against each of the resolutions as follows:

Resolution No 1

To consider and confirm the minutes of the last annual general meeting held on 15th June 2019 and of any other intervening general meeting.

Votes For: 65 Votes Against :2

The Resolution No 1 was passed.

Resolution No 2

To consider and confirm the reports of the Committee of Management for the Year ended 31st December 2019

Votes For:65 Votes Against :2

The Resolution No 2 was passed.

Resolution No 3

To receive and if approved, pass the Society's audited financial statements for financial year ended 31st December 2019.

Votes For:65 Votes Against :2

The Resolution No 3 was passed.

Resolution No 4

To appoint P.G Wee Partnership LLP as the auditors of the Co-op for 2020/2021.

Votes For:65 Votes Against :2

The Resolution No 4 was passed.

Resolution No 5

To elect P. NAMASIVAYAM as a member of the Committee of Management to serve for a term of three years;

Votes For:65 Votes Against :2

To elect MOHAN SINGH S/O JAWAND SINGH as a member of the Committee of Management to serve for a term of three years;

Votes For: 65 Votes Against :2

To elect CHOO TEIK CHOON as a member of the Committee of Management to serve for a term of three years;

Votes For: 65 Votes Against :2

To elect THANABALAN S/O IYYAMALAI as a member of the Committee of Management to serve for a term of three years; and

Votes For:65 Votes Against :2

To elect GURMIT SINGH BAJAJ as a member of the Committee of Management to serve for a term of three years.

Votes For:65 Votes Against :2

The Resolution No 5 to elect 5 members of the Co-op Society was passed.

Resolution No 6

To transact any other general business (passing of resolutions) of the Co-op of which due notice has been given to members as follows:

i) That the 84th annual General Meeting of the Society resolves the payment of allowances of \$9,600/- per annum as allowances to the Society's Secretary, Treasurer and Assistant Treasurer which shall be at the discretion of the Board of directors.

Votes For:65 Votes Against :2

The Resolution No 6(i) was passed.

ii) That the 84th Annual General Meeting of the Society approves the proposed Appropriation of Profit 2019 and Estimated Expenditure for 2020/2021 which is in the 84th Annual Reports and Accounts.

Votes For:65 Votes Against :2

The Resolution No 6(ii) was passed.

iii) That the 84th Annual General Meeting of the Society authorizes the appointment of MrP.Loganathan as our internal auditor with an allowance of \$200/- for two visits in a Year(one visit 6 monthly)

Votes For:65 Votes Against :2

The Resolution 6(iii) was passed.

TO ELECT MEMBERS OF THE MANAGEMENT COMMITTEE

(Item 5 of the Resolution)

Secretary informed the meeting that at the closing date of nomination, five nominations were received and they are as follows:

- 1) MrP.Namasivayam (for re-election)
- 2) Mr Mohan Singh (for re-election)
- 3) Mr Thanabalan Iyyamalai
- 4) Mr Gurmit Singh Bajaj
- 5) Mr Choo Teik Choon

As most of the Board of Directors are senior long serving members and two of our long-serving members wish to retire after the AGM 2020, the Board resolved to elect all the five nominated members by proxy voting by all Co-op Society's Members. The resolutions to elect all the five nominated members was passed at the AGM 2021.

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Under By-Law 18.1 (a), CCCS shall have not less than 7 but not more than 11 members elected to serve as Board Directors.

APPOINTMENT OF EXTERNAL AUDITOR

The Chairman sought the mandate of the General Body through a resolution to appoint a new External Auditor for the Years 2020/2021. The resolution was passed through proxy voting

POWERPOINT PRESENTATION BY TREASURER

Treasurer reported our Co-op Society's Financial Performance through a Powerpoint Presentation to the attendees of the AGM by ZOOM Webinar.

VIEWS/QUERIES FROM MEMBERS

The Hon Secretary told the meeting that there was one letter received from our long-time member, Mr V.P.Krishna for announcement at the Virtual Annual General Meeting held by ZOOM Webinar.

Mr V.P Krishna thanked the retiring Directors of the Co-op Society and the Office Staff for their long and dedicated service to the members of the Co-op Society.

ADJOURNMENT

The Chairman expressed his thanks to members, Management and Staff for their support and contribution to the performance of the Society. Thereafter, the meeting was declared closed at 1.30 pm.

RECORDED BY

CONFIRMED BY

**P.NAMASIVAYAM
HON SECRETARY**

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CHAIRMAN