



龍 合 國 際 有 限 公 司

**LEONG HUP INTERNATIONAL BERHAD** (1098663-D)

3rd Floor, Wisma Westcourt, No.126, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia.  
Tel : 603 - 7980 8086 Fax : 603 - 7982 6000

**NOTICE OF PROPOSED DECISION ISSUED BY THE MALAYSIA COMPETITION COMMISSION PURSUANT TO SECTION 36 OF THE COMPETITION ACT 2010 TO LEONG HUP FEEDMILL MALAYSIA SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF LEONG HUP INTERNATIONAL BERHAD**

*(Unless otherwise stated, all abbreviations and definitions used herein shall have the same meaning as defined in the Company's announcement dated 5 August 2022 except where the context otherwise defined herein)*

Further to the Company's announcement made on 5 August 2022 pertaining to the notice of proposed decision issued by the MyCC, the Board of Directors wishes to provide the following additional information for clarity purpose:-

1. According to the MyCC's Proposed Decision dated 29 July 2022, the MyCC's investigation was conducted based on the following reasons:
  - (a) The public interest and the increase in the news reports and social media traction pertaining to the raising poultry feed prices and supported by the statement made by the Agriculture and Food Industries Minister, Datuk Seri Ronald Kiandee;
  - (b) The rising concern portrayed in the media pertaining to the hike in feed prices contributing to the escalation of chicken prices in the market, as noted during the MyCC's assessment on the market;
  - (c) MyCC's ongoing monitoring of the poultry and poultry feed market players and supply chain in response to the increasing media attention; and
  - (d) Information received from the Department of Veterinary Services giving rise to the suspected colluding of poultry feed players in setting poultry feed price.
2. In the event LFM is found to be infringing the Act, MyCC proposed to:
  - (a) impose a financial penalty of RM157,470,027.02 on LFM;
  - (b) direct LFM to undertake the following:
    - (i) to cease and desist from participating and engaging in the alleged anticompetitive horizontal agreement in relation to any discussion on price-related matters pertaining to chicken feed;
    - (ii) to submit monthly price-related matters to MyCC including the announcement of price adjustment to customers, a list of recent poultry feed prices, and the monthly cost for poultry feed within 6 months from the issuance of the infringement decision;
    - (iii) to enrol directors and senior management executives into a competition law compliance program and training at its own expense. LFM is required to submit a progress report of the enrolment to the MyCC within 12 months from the issuance of the infringement decision; and
    - (iv) to develop a standard operating procedure ("SOP") in relation to the disciplinary procedure taken against any individuals employed by the enterprise who are found participating in any anti-competitive agreement; including the employees and board of directors. The SOP should then be submitted to MyCC within 6 months from the issuance of the infringement decision.
3. The "specified period" as indicated in the earlier announcement refers to a period prior to 12.00 p.m. on 20 September 2022.
4. There is no financial or operational impact envisaged at this moment.

This announcement is dated 9 August 2022.