

annual report

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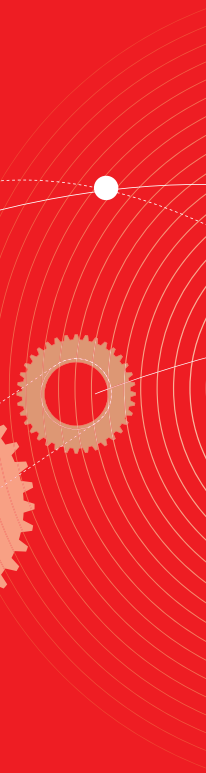
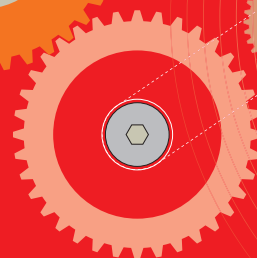
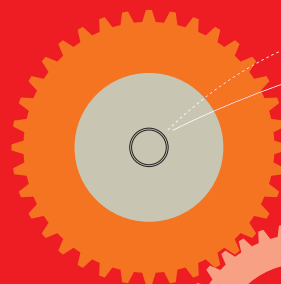


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**MALAYSIA  
COMPETITION  
COMMISSION**

**PROMOTING  
COMPETITION,  
PROTECTING YOU**







PROMOTING  
COMPETITION,  
PROTECTING YOU.



## cover rationale

The design of the MyCC's Annual Report 2013 draws upon the imagery of precision gears, which represent the MyCC's critical role in Malaysia's complex and highly interconnected business environment. Gears are fundamental mechanical components that transmit motion at the heart of many complex machines. By enforcing competition law, the MyCC plays an equally fundamental role in propelling the transformation of our competitive landscape.



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# 05









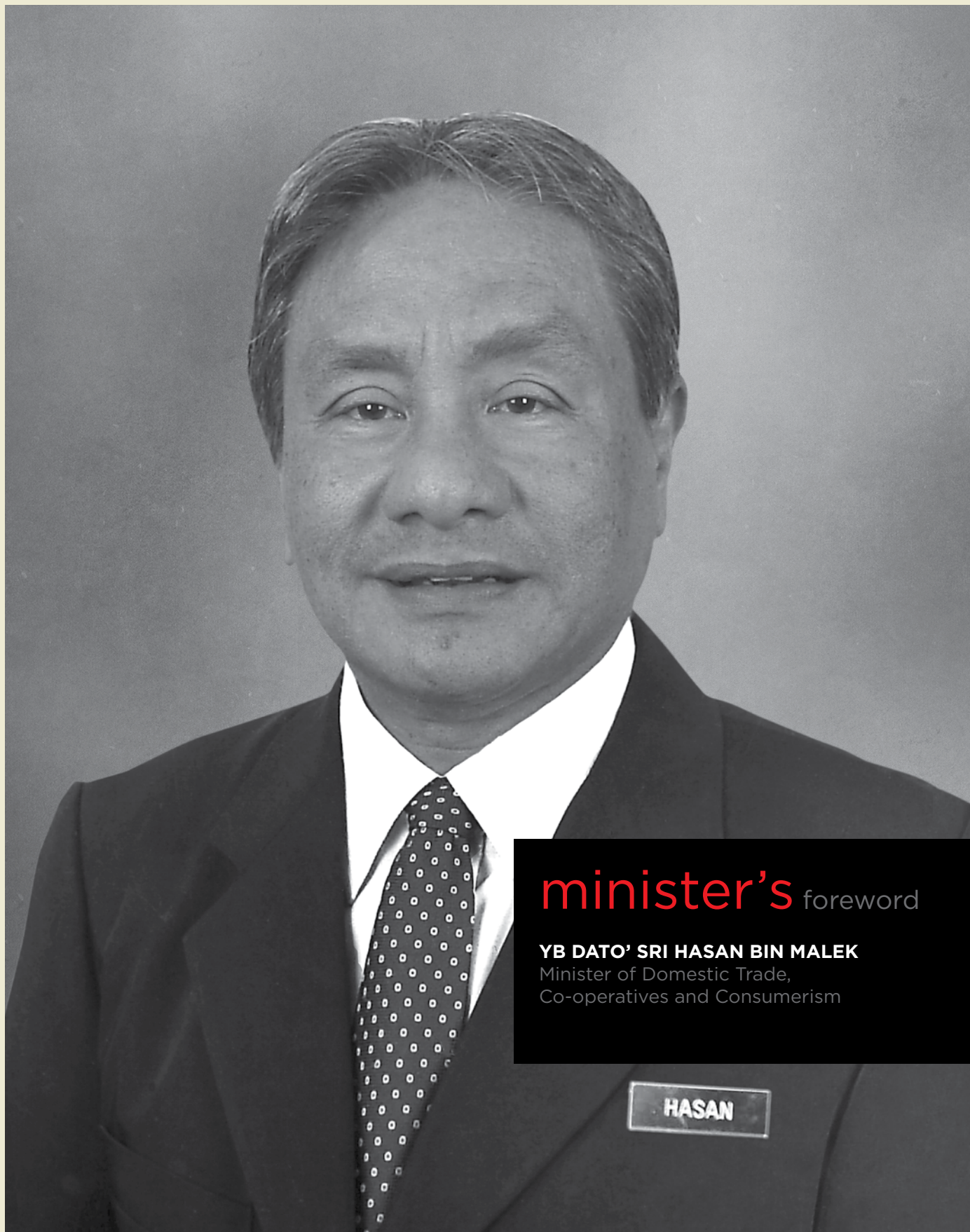
# DRIVING A HEALTHY CONSUMER ECONOMY

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Competition law ultimately benefits consumers. Fair and open competition leads to healthy markets with competitive prices, in which a greater number of goods and services reach more consumers.







## minister's foreword

**YB DATO' SRI HASAN BIN MALEK**

Minister of Domestic Trade,  
Co-operatives and Consumerism



*In its role as enforcer of the CA 2010, the MyCC has been critical in promoting and facilitating a strong culture of competition in Malaysia.*

In the two years since the Competition Act 2010 (CA 2010) came into force on 1 January 2012, the Malaysia Competition Commission (MyCC) has come a long way as the enforcer of Malaysia's competition law.

The Competition Commission Act 2010 established the MyCC under the Ministry of Domestic Trade, Co-operatives and Consumerism to ensure compliance to the CA 2010, investigate complaints on anti-competitive behaviours, carry out market reviews and penalise infringing companies. The implementation of the CA 2010 is one of the Strategic Reform Initiatives (SRIs) identified under the Economic Transformation Plan (ETP), intended to foster healthy and thriving competition in the Malaysian economy.

By ensuring a level playing field for local companies that is free from anti-competitive activities, it is our intention that the enforcement of the CA 2010 will create an economy in which efficiency and innovation can thrive. This healthier and more competitive market will deliver a wider range of high-quality goods to the rakyat at competitive prices, while innovative Malaysian companies will bring their products and services to the international stage.

In its role as enforcer of the CA 2010, the MyCC has been critical in promoting and facilitating a strong culture of competition in Malaysia. The MyCC achieved many commendable milestones in carrying out its mandate in the year 2013, most notably when it issued two Proposed Decisions, as well as publishing Guidelines to help companies comply with the CA 2010. The MyCC also successfully organised

Malaysia's first competition law conference to further develop the state of competition law in the country. Through its investigation, enforcement, advocacy and outreach activities, the MyCC plays a crucial role in changing Malaysia's business mindsets and driving a culture of competition. I would advise companies both large and small to take notice of the MyCC's firm enforcement of CA 2010, which sends a message that anti-competitive measures will no longer be tolerated in the market.

With the advent of the CA 2010, Malaysia has joined the ranks of 140 other jurisdictions with national competition laws. I am also proud to say that Malaysia through the MyCC has been recognised as a country that has successfully implemented the law. Recognition of the Chief Executive Officer, Shila Dorai Raj as one of the top 100 women in the field of Antitrust globally in 2013 speaks volumes of the MyCC and its work. Now, the MyCC is spearheading the way for Malaysian companies to meet international standards through compliance with competition law. In view of the MyCC's hard work and diligence in 2013, I believe that its mission will continue to be a success in the year to come.



**DATO' SRI HASAN BIN MALEK**

Minister of Domestic Trade, Co-operatives and Consumerism





**chairman's** message

**TAN SRI DATO' SERI SITI NORMA YAAKOB**  
Chairman



*As more businesses discover the benefits of fair and competitive markets with the MyCC's help, they will become more innovative, efficient and capable of competing on the global stage.*

### **RISING TO MEET CHALLENGES**

The year 2013 signified the second year the Competition Act 2010 (CA 2010) has come into force and I am pleased to report that the Malaysia Competition Commission (MyCC) has begun to further impress upon businesses, and society at large, the importance of complying with the CA 2010. Since the MyCC's establishment in mid-2011, it has tirelessly focused on implementing and promoting the CA 2010 through its activities, decisions and engagement with stakeholders, while growing in size and responsibilities.

The continued growth of the MyCC is commensurate with the increasing importance of competition law in building a globally competitive nation. The Malaysian Government established the CA 2010 to ensure that companies both small and large are protected from unfair practices. By championing the right of businesses to operate in an environment of fair competition, the CA 2010 will help to usher in a stronger economy built upon quality, efficiency and standards.

Several challenges remain to be overcome. Enforcement of competition law remains a complicated issue even in the biggest and most well-established jurisdictions, due to the complex and technical nature of the subject. Detecting and investigating cases requires considerable economic and legal expertise; thus, the MyCC continues to face

demands on its limited resources.

Fortunately, Malaysia's membership in the Association of Southeast Asian Nations (ASEAN) provides an important platform for cooperation in the area of competition law and policy. Through various cross-border collaborations and capacity building activities, the MyCC has gained a greater understanding of the technicalities and difficulties in enforcing the CA 2010.

The greater cooperation between ASEAN member states has come at just the right moment. ASEAN has targeted 2015 to bring all ten member countries in line with the implementation of national competition policies. By the end of 2015, Malaysia's businesses will face the challenges of regional economic integration in the form of the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC). The AEC will bring a free flow of goods and services from foreign companies, which in turn will affect prices throughout the supply chain for all local companies.

Having anticipated these impacts on Malaysia's business environment, we foresee the need for greater awareness among enterprises both large and small, as well as business associations. Many in the community plead ignorance of the CA 2010, while others still hold to the misperception that the MyCC is adversarial to businesses. These are major challenges that we must overcome through advocacy. The stakes are high, for the successful implementation of competition law is an important part of our country's economic transformation. As more businesses discover the benefits of fair and competitive markets with the MyCC's help, they will become more innovative, efficient and capable of competing on the global stage.

Our advocacy efforts are part of an ongoing process, and there is still much that needs to be done to communicate the importance of the CA 2010 to stakeholders in both the private and public sectors. We published two new handbooks in the past year: Competition Act 2010: A Guide for Business, and The Competition Act 2010: Compliance Guidelines. These



handbooks have been added to the existing body of guidelines on the CA 2010 and are invaluable tools for businesses seeking to understand the CA 2010.

As a relatively new Commission, we still have a long road ahead of us. Our stakeholders have had high expectations for what the MyCC can accomplish in just a short time, despite the limits to our capacity. Nevertheless, in 2013 we took important steps forward in enforcing the CA 2010. In two of the most significant milestones to date, the MyCC issued two Proposed Decisions in view of anti-competitive practices with a potentially large impact on consumers. These Decisions demonstrate our firm commitment to facilitate and protect competition for everyone. The mass media has taken note of these cases and has been very supportive in communicating our enforcement mandate to the public.

Additionally, I am gratified to note that Global Competition Review (GCR) has recognised our chief executive officer for her outstanding work. Shila Dorai Raj was profiled as one of the most significant 100 Women in Antitrust in GCR's Women in Antitrust 2013 issue.

### THE YEAR AHEAD

In 2014, we will maintain a focus on raising awareness with consumers and certain business groups, educating stakeholders about the implications of bid rigging, and pursuing enforcement, especially in cases involving firms with a large impact on consumers. To achieve our goals, the MyCC will also need to build further capacity and pursue knowledge and expertise in competition law through networking efforts.

I am especially thankful for the tireless dedication of the employees of the MyCC in supporting us through the challenges of these early years, and I believe that they will continue to be the foundation of our success going forward. I would also like to thank my colleagues on the Commission for their advice and invaluable viewpoints in guiding the MyCC, and the management

team for their support and hard work. I also offer my thanks to the Ministry of Domestic Trade, Co-operatives and Consumerism for their indispensable support, and to our stakeholders and the public for providing their support and feedback. With the cooperation and support of all of our stakeholders, I am confident that we can achieve our goal of making Malaysia a globally competitive nation.



**TAN SRI DATO' SERI SITI NORMA YAAKOB**

Chairman



“ *In 2013, the MyCC issued two Proposed Decisions in view of anti-competitive practices with a potentially large impact on consumers.* ”







**ceo's** message

**SHILA DORAI RAJ**

Chief Executive Officer



*The MyCC undertakes public consultations in cases such as the block exemption application for the liner shipping industry to gather feedback in the interests of the business community and the rakyat in general.*

### **2013: A YEAR OF ACHIEVEMENTS**

The year 2013 marked the second full year of enforcement for the Competition Act 2010 (CA 2010), as well as the third year of operations for the Malaysia Competition Commission (MyCC). Our work remained challenging in the face of public expectations for quick action as well as low awareness of the CA 2010 in some segments. Despite these concerns, the MyCC had a productive year, developing the country's competition landscape, with milestones in enforcement, advocacy, market review, publishing Guidelines, and capacity building and knowledge-sharing.

The most prominent milestones of 2013 included the issuance of two Proposed Decisions: one against Malaysia Airlines Berhad and AirAsia Berhad on 6 September 2013, and the other against Megasteel Sdn Bhd on 1 November 2013. The MyCC also issued Interim Measures against the Pan Malaysia Lorry Owners Association (PMLOA) for price-fixing on 20 September 2013. While the MyCC's decisive enforcement actions should be seen as an indication of our steadfast commitment to uphold the CA 2010 and act against infringements, we will nevertheless continue to apply careful legal and economic analysis in reviewing the facts of each case, without undue haste. In line with this, the MyCC undertakes public consultations in many of its processes to ensure feedback from stakeholders is heard, received and

considered in the interests of the business community and the rakyat in general. For 2013, a series of public consultations on a proposed Block Exemption Order (BEO) for shipping liners was conducted nationwide before a conditional BEO was granted under Section 8 of the CA 2010.

The MyCC additionally made laudable progress in raising awareness of competition law in 2013. We conducted a total of 30 advocacy programmes, comprising 10 programmes aimed at public officials and 20 programmes targeting business chambers, consumers' associations, industry players and universities. However, there is much more to be done in the area of advocacy. The outcome of our Baseline Awareness study in July 2013, which showed a seven per cent awareness level in 2012, highlighted the need for more outreach to raise awareness about the CA 2010 and the MyCC.

As one of the MyCC's mandated activities under the CA 2010, Market Review remains an important tool for identifying anti-competitive elements in specific markets. The MyCC's primary milestone in the area of Market Review was a study on price-fixing in the professional services industry, conducted in July 2013. Additionally, the MyCC achieved two major milestones by producing publications targeted at helping businesses understand the requirements of the CA 2010. 'The Competition Act 2010: A Guide for Business' provides a simple explanation of the legal terminologies of the CA 2010, while 'The Competition Act 2010: Compliance Guidelines' assists business owners in implementing a competition law compliance programme. The publications have been made available for download from the MyCC's website, which remains a central point of reference for all parties interested in matters related to competition law. We also expanded our engagement with the public through social media platforms, which have made information about the CA 2010 and the MyCC more easily accessible.



Our mission to advance competition culture and educate stakeholders reached a landmark moment when we organised our first conference on competition law. On 25 September 2013, the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Muhyiddin Yassin launched the 1<sup>st</sup> MyCC Competition Law Conference, a milestone event for exchanging knowledge of competition law and competition issues. The two-day conference, themed 'New Standards of Doing Business in Malaysia,' connected experts from across the world with industry participants to provide a keener understanding of current competition issues and different experiences on achieving compliance.

As part of the organisation's growth and knowledge-sharing activities, the MyCC actively participated in numerous visits, workshops and international meetings as well as an attachment programme. Our involvement in these activities provided our staff with valuable insights and skills for operating in changing competition environments.

#### STRATEGIC PRIORITIES FOR 2014

The MyCC's ongoing strategic focus will remain largely the same in 2014, thus ensuring that our continuous strategic programmes will have lasting impacts. We will need to refocus using our existing resources to ensure maximum results in key areas.

*The MyCC's efforts will be key to showing local SMEs how the CA 2010 protects them, with the end result being that the SMEs will achieve compliance and become more competitive.*

Our advocacy programmes will remain targeted in these key areas, particularly small and medium enterprises (SMEs) as well as trade associations that remain unaware of the importance of complying with the CA 2010. The MyCC's efforts will be key to showing local SMEs how the CA 2010 protects them, with the end result being that the SMEs will achieve compliance and become more competitive.

Similarly, media presence will be another area of focus. Continued engagement with the public through the media has been crucial to combat a lack of awareness and create a culture of compliance in the Malaysian economic landscape. In 2013, we conducted a specially crafted media training session with the CUTS Institute for Regulation and Competition (CIRC). For the coming year, we will further build rapport with the press and concentrate on developing our presence in the media as well as the media's knowledge of the CA 2010.

The MyCC will also continue to focus on bid rigging, one of the most serious competition issues faced by economies around the world. It is estimated that Malaysia could save up to USD2.8 billion by eliminating bid rigging from public procurement. In light of this, the OECD's guideline on bid rigging is being translated into Bahasa Malaysia and being edited for use throughout the public sector.

The MyCC's focus on academic research through the Research Grant Programme has been successful in attracting researchers to the area of competition law and policy, and this focus will be maintained in 2014.

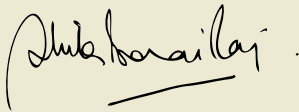
While each of these key areas requires our attention going forward, enforcement will remain the core activity for the MyCC. Following the restructuring of our enforcement team, we will continue to emphasise on training and capacity-building. We will target cases involving businesses that have a large impact on consumers and the economy. Meanwhile, complainants in other cases will be



made aware of private rights of action that apply to them. The MyCC will also publish a guideline on our leniency programme to encourage whistle-blowers to cooperate with investigations.

We also foresee that further organisational growth will be necessary to ensure smooth operations as we take on the rising demands of our role as enforcer of the CA 2010. Staff skill development and the provision of a supportive working environment will continue to be a priority in 2014.

Going forward, the MyCC will work diligently towards a more competitive economy as intended by the CA 2010. Following our widely-reported milestone Proposed Decisions in 2013, Malaysians are increasingly paying attention to our activities. I believe that with the support of our stakeholders, even greater achievements lie ahead.



**SHILA DORAI RAJ**

Chief Executive Officer





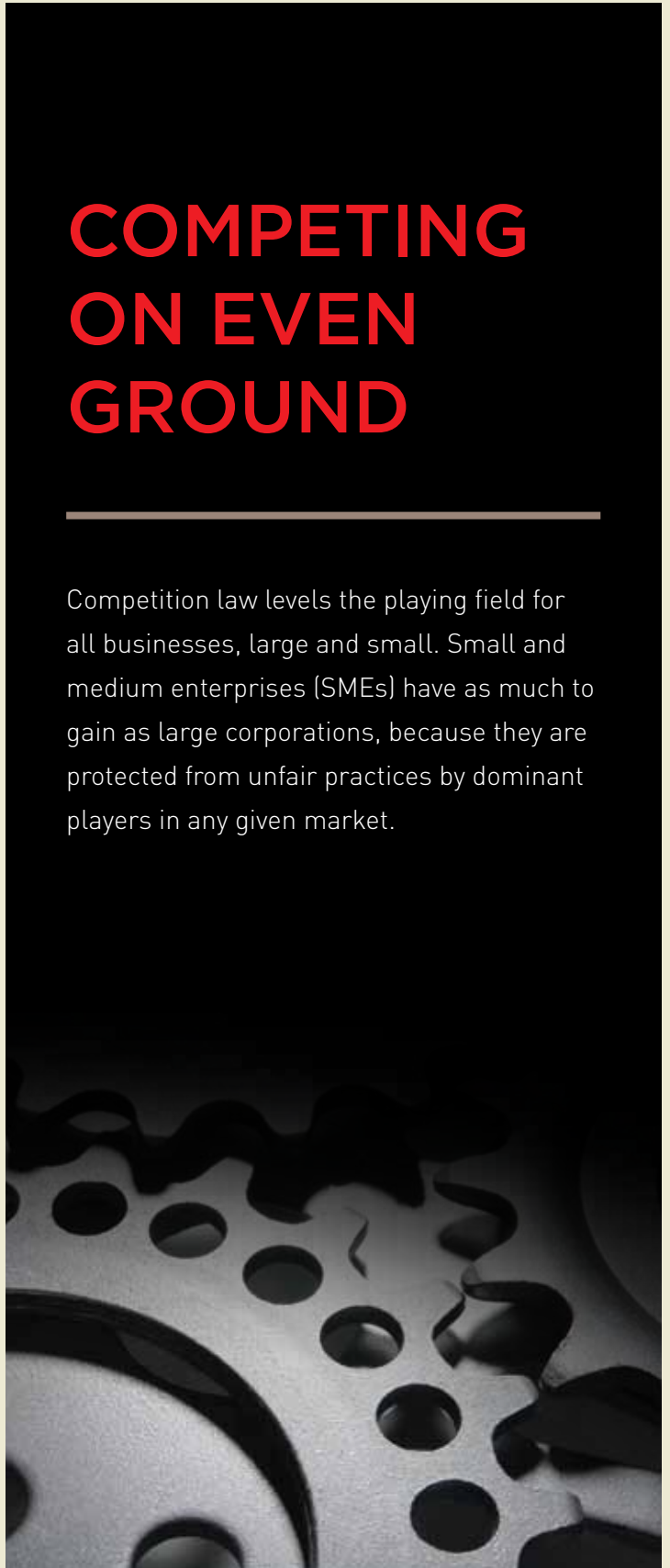




# COMPETING ON EVEN GROUND

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Competition law levels the playing field for all businesses, large and small. Small and medium enterprises (SMEs) have as much to gain as large corporations, because they are protected from unfair practices by dominant players in any given market.







## About The Malaysia Competition Commission

The Malaysia Competition Commission (MyCC) is an independent body established under the Competition Commission Act 2010 to enforce the Competition Act 2010. Its main role is to protect the competitive process for the benefit of businesses, consumers and the economy.





# Vision And Mission Statement

## VISION

We shall be the authority nurturing and driving a conducive competition culture.

We shall be a credible, reliable and efficient functional authority and partner, acknowledged for our high organisational strength and capability in reforming the business environment from a competition standpoint.

## MISSION

To ensure a conducive competition culture in line with international best practices.

We shall nurture and drive such a culture through the education of stakeholders and the effective application of the competition law without fear or favour.



# The Competition Act 2010

The CA 2010 covers all commercial activities – **both within and out of Malaysia** – that have negative or anti-competitive effects in any market in Malaysia.

The Competition Act 2010 [CA 2010] and the Competition Commission Act were gazetted on 10 June 2010 and came into effect on 1 January 2012. The acts are intended to enhance the economic development of the nation by protecting the competition process in the market and consequently safeguarding consumer interests. The Malaysia Competition Commission (MyCC) was established under the Competition Commission Act 2010 on 1 April 2011 to enforce the provisions of the CA 2010.

## SCOPE

The CA 2010 covers all commercial activities – both within and out of Malaysia – that have negative or anti-competitive effects in any market in Malaysia. The anti-competitive agreements prohibited by CA 2010 comprise price-fixing, sharing markets or sources of supply, limiting or controlling production, and bid rigging.

In addition to prohibiting anti-competitive agreements, the CA 2010 also covers practices by dominant enterprises deliberately aimed at forcing competitors out of the market. In the case of an enterprise that has gained the largest market share or monopoly position, the CA 2010 prohibits conduct by that enterprise that amounts to an abuse of its dominant position, such as price discrimination, predatory behaviour, refusal to supply, tied selling, and buying up scarce goods or resources.

The CA 2010 excludes certain activities, including:

- Activities that involve an exercise of governmental authority.
- Activities carried out pursuant to the principle of solidarity.
- Purchase of goods or services not intended for resale or supply.
- Conduct or agreements in compliance with the law.
- Collective bargaining or collective agreements on behalf of employers between employers and trade unions.
- Services of general economic interest, which cover public utilities, or having the character of a revenue-producing monopoly.



The CA 2010 does not cover commercial activities regulated by the Communications and Multimedia Act 1998 and the Energy Commission Act 2001.

### **ACTION BY THE MyCC**

The CA 2010 empowers the MyCC to investigate and take action against enterprises that engage in anti-competitive conduct. An investigation may be initiated by the MyCC under the direction of the Minister, upon suspicion of infringement by an enterprise, or from complaints lodged by the general public.

Complaints must be lodged with the MyCC through the formal complaint form available for download from the MyCC website ([www.myc.gov.my](http://www.myc.gov.my)) and can be emailed to [complaints@mycc.gov.my](mailto:complaints@mycc.gov.my). All information received by the MyCC will be afforded strict confidence.

### **INFRINGEMENT AND PENALTIES**

If the MyCC finds that there is an infringement of the CA 2010 at the completion of an investigation, it may require an enterprise to cease the infringing activities immediately and take any other steps as specified by the MyCC. The enterprise can also be fined up to a maximum of 10% of its worldwide turnover over the period during which the infringement occurred.



# The Malaysia Competition Commission (MyCC)

The Malaysia Competition Commission (MyCC) was established on 1 April 2011 with the purpose of enforcing the Competition Act 2010 (CA 2010). The MyCC safeguards the process of free and fair competition in commercial markets for the benefit of consumer welfare, efficiency of enterprises and the development of the economy as a whole.

The MyCC comprises a Chairman and government representatives from the Ministry of Domestic Trade, Co-operatives and Consumerism; the Economic Planning Unit, the Prime Minister's Department; the Attorney-General; and the Ministry of International Trade and Industry. The MyCC also includes five members representing the private sector. The MyCC's members are experts in various areas such as law, economy, business, industry, trade, public administration, competition and consumer protection. All efforts were made to ensure the various sectors are represented to enable the MyCC to achieve its aspirations.

The MyCC has established six working committees to aid in implementing its major functions:

- Finance and Procurement Committee
- Human Resources Committee
- Advocacy Committee
- Publicity and Communication Committee

- Internal Guidelines Committee
- External Guidelines Committee

Since its establishment, the MyCC has been active in carrying out its duties. The MyCC advocates competition to the public and private sectors, publishes guidelines on the implementation and enforcement of the CA 2010, conducts research related to competition in the Malaysian economy or particular sectors of the economy, and educates and raises awareness among the public on the enforcement of the CA 2010 and how it will benefit the country.

The MyCC is empowered by the Competition Commission Act 2010 to ensure compliance to the CA 2010, investigate complaints on anti-competitive behaviours, carry out market reviews and impose penalties on companies found to infringe the competition law. It also has the authority to impose fees or charges for services provided; grant loans, scholarships and advances to its employees; cooperate with any corporate body or government agency and request information from enterprises to assist in the performance of its functions; or perform any tasks incidental to its functions and powers.



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*The MyCC safeguards the process of free and fair competition in commercial markets for the benefit of consumer welfare, efficiency of enterprises and the development of the economy as a whole.*

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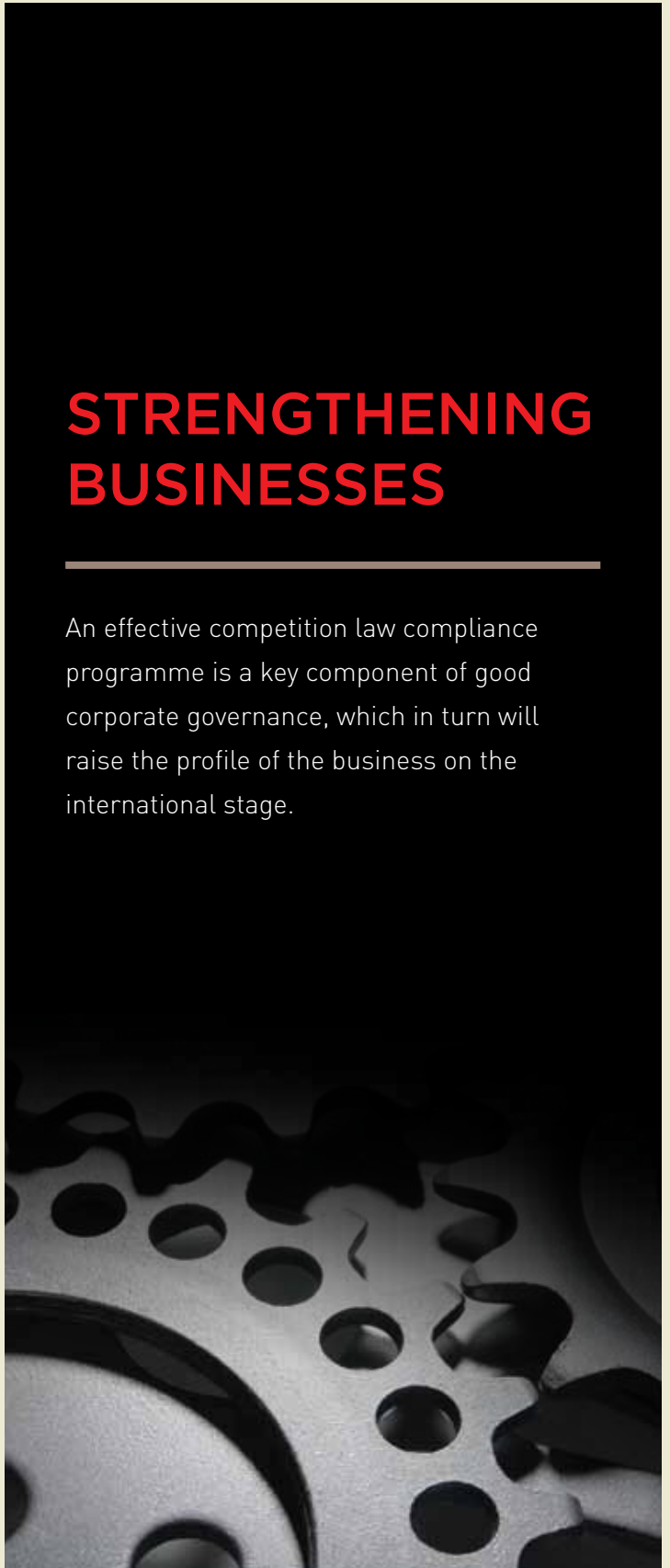




## STRENGTHENING BUSINESSES

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An effective competition law compliance programme is a key component of good corporate governance, which in turn will raise the profile of the business on the international stage.





## MyCC's members



**Sitting from left to right**

**TAN SRI DATO' DR. MICHAEL O.K. YEOH**

**DATO' SARIPUDDIN KASIM**

**DATUK DR. REBECCA FATIMA STA MARIA**

**Standing from left to right**

**PROF. DATO' DR. SOTHI RACHAGAN**

**RAGUNATH KESAVAN**

**TAN SRI DATO' SERI SITI NORMA YAAKOB**  
**Chairman**



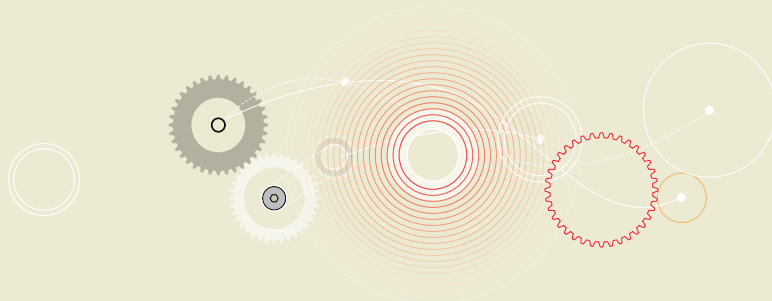


**TAN SRI ABDUL GANI PATAIL**

**DATUK DR. RAHAMAT BIVI YUSOFF**

**PROF. DATIN DR. HASNAH HARON**

**ABD MALEK AHMAD**





## MyCC's members

### **TAN SRI DATO' SERI SITI NORMA YAAKOB**

Chairman

Tan Sri Dato' Seri Siti Norma was the Chief Judge of Malaya from 2005 to 2007 and has been a trailblazer for women in Malaysia. In addition to being the first woman Chief Judge of Malaya, she was also the first woman in Malaysia to serve as an executive in the Judicial and Legal Service in 1963, the first woman to be elevated to the High Court Bench in 1983, the first woman to be appointed as a Court of Appeal Judge in 1994 and the first woman Federal Court Judge in 2001. She has also served as the first female judge at the Dubai International Financial Center (DIFC) Courts.

She studied law in London and qualified as a Barrister-at-Law of the Honourable Society of Gray's Inn in 1962. She has served as the President of the Federation of Women Lawyers and the President of the Judicial and Legal Service Officers Association. She is also a Pro-Chancellor of the University of Malaya. She was awarded the Women Development Institute Fellowship in 1988, an International award as an Eisenhower Exchange Fellow in 1990, and the 'Anugerah Nur Gemilang 2001 – Guaman' in 2001 by the Ministry of Women and Family Development and the Association of Women Graduates Malaysia.

### **DATO' SARIPUDDIN KASIM**

Dato' Saripuddin was appointed the Secretary-General of the Ministry of Domestic Trade, Co-operatives and Consumerism on 26 December 2011. Prior to that, he served as the Director-General, Legal Affairs Division, Prime Minister's Department (PMD); and as Deputy Secretary-General (Management) of the Ministry of Women, Family and Community. He joined the Administrative and Diplomatic Service officer in 1984 and has extensive experience in human resources development and economic management.

He holds a Master's Degree in Business Administration (Corporate Finance) from the University of Hartford, Coonnecticut, USA; a Bachelor's Degree in Economics from the University of Malaya; and a Diploma in Public Management (Postgraduate Diploma) from INTAN.

### **TAN SRI ABDUL GANI PATAIL**

Tan Sri Abdul Gani Patail received his legal education at the University of Malaya and graduated in 1979. He began his illustrious career in the Judicial and Legal Service of Malaysia as a Deputy Public Prosecutor in Kota Kinabalu, Sabah in 1980. In 1985, he was appointed the Senior Federal Counsel for Sabah and held this post until his appointment as the Head of the Prosecution Division of the Attorney General's Chambers in 1994. During his time in the Attorney General's chambers, he served as Head of the Prosecution Division, Head of the Advisory and International Division and Commissioner of Law Revision.

On 1 January 2002, Tan Sri Abdul Gani Patail was appointed as the eighth Attorney General of Malaysia. As Attorney General, Tan Sri Abdul Gani Patail serves as the Chairman of the Malaysian Kuwaiti Investment Co. Sdn. Bhd. and as the Chairman of the National Legal Aid Foundation. He was conferred the Doctor of Law, honoris causa from the University of Nottingham in 2006. He has a long-standing involvement in legal matters pertaining to the World Trade Organization (WTO) and all its related agreements. Currently, he is spearheading the negotiations for free trade agreements between Malaysia and various dialogue partners, in particular the Malaysia-United States Free Trade Agreement.

Tan Sri Abdul Gani Patail has also appeared before international adjudication bodies, namely the International Tribunal for the Law of the Sea (ITLOS), the International Centre for Settlement of Investment Disputes (ICSID) and the International Court of Justice in The Hague. He has ensured that Malaysia is an active member of the Asian African Legal Consultative Organization (AALCO) and serves as a member of the AALCO Eminent Persons Group (AALCO-EPG). He was instrumental in the establishment of the International



Centre for Law and Legal Studies (I-CeLLS) and serves as the Chairman of the I-CeLLS Executive Council. He has also successfully established networking arrangements with counterpart agencies of the Attorney General's Chambers around the world.

#### **DATUK DR. RAHAMAT BIVI YUSOFF**

Datuk Dr. Rahamat is the Director-General of the Economic Planning Unit, Prime Minister's Department (EPU, PMD). She began her career in public service as Assistant Secretary (Tax Division) in the Ministry of Finance. She served as Deputy Secretary-General of the Treasury in the Ministry of Finance, and Deputy Director of the Macroeconomics Section of the EPU, PMD.

Datuk Dr. Rahamat graduated with a Bachelor of Social Science (Economics) (Hons) from University of Malaya and holds a Master's Degree (Economics) from Western Michigan University, USA.

She is also a member of the board of directors of a number of agencies including FELDA, Malaysia Deposit Insurance Corporation (MDIC), MRT Corporation, National Equities (EKUINAS) and the Malaysia Thailand Joint Authority (MTJA).

#### **DATUK DR. REBECCA FATIMA STA MARIA**

Datuk Dr. Rebecca Fatima Sta Maria is the Secretary General of the Ministry of International Trade and Industry (MITI). Prior to this appointment, she had served as the Deputy Secretary-General (Trade) of MITI in 2006. She began her career in the Administrative and Diplomatic Service in 1981 and served in various capacities in the then-Ministry of Trade and Industry. In 1988, she was seconded to the ASEAN Plant Quarantine and Training Centre as its Chief Administration and Procurement Officer. In 2006, she chaired the ASEAN Senior Economic Officials Meeting (SEOM) and was also the ASEAN Co-Chair of the ASEAN-India Free Trade in Goods Agreement. Currently, she is the Chair of the ASEAN High Level Task Force for Economic Integration.

Datuk Dr. Rebecca is a graduate of the University of Malaya with a B.A. (Hons) in English Literature. She received the Diploma in Public Administration by the National Institute of Public Administration (INTAN), Malaysia in 1981. She also has an M.S. (Counselling) from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). Having received her Ph.D from the University of Georgia in Athens, U.S.A., Datuk Dr. Rebecca was awarded the Malcolm Knowles Award for the best Ph.D dissertation in the field of Human Resource Development by the American Academy of Human Resource Development in 2000.

#### **TAN SRI DATO' DR. MICHAEL O.K. YEOH**

Tan Sri Dato' Dr. Yeoh is the Co-Founder and Chief Executive Officer of the Asian Strategy & Leadership Institute (ASLI). He also serves as a member of the National Unity Consultative Council and the Advisory Board of the Malaysian Anti-Corruption Commission. He was appointed by the Malaysian Government to be Malaysia's Representative with Ambassador Status on the ASEAN High Level Task Force on Connectivity. He has served two terms as a Commissioner in Malaysia's Human Rights Commission.

Tan Sri Dato' Dr. Yeoh graduated in Economics and Accountancy from Australia's Monash University and has undertaken senior executive programmes at Harvard Business School and Aresty Institute of Wharton School. He was conferred a Doctorate in Laws (honoris causa) by the University of Nottingham.

He has over 30 years of corporate experience and sits on the Board of Directors of Pan Malaysia Corporation, Malaysia-China Business Council and MUI Properties Berhad. He has previously been a Director of Star Publications and the National Heart Institute. He is also Chairman of the World Chinese Economic Forum and the ASEAN Leadership Forum.

#### **PROF. DATO' DR. SOTHI RACHAGAN**

Professor Dato' Dr Sothi Rachagan holds a B.A. (Malaya), Post-Grad Dip Arts (Otago), M.A (Otago), LL M (Bristol) and PhD (London). He is a Barrister-at-



Law (Lincoln's Inn) and Advocate and Solicitor of the High Court of Malaya.

He has published widely and presented papers and keynote addresses at both national and international conferences on a variety of topics including on environmental, human rights and election law.

He taught both consumer and competition law courses at the Faculty of Law, University of Malaya where he was Professor and Dean. He also taught summer programmes in consumer law at universities in Belgium, Canada, Germany, India and Japan. He drafted the Malaysian Patients Charter, the Consumer Protection Act 1999 of Malaysia, and the consumer and competition laws of several developing countries.

In 2000 he became Consumers International's Regional Director for Asia and the Pacific. In 2005 he returned to academia and became the Vice President (Academic Affairs) of Nilai University until his appointment as Vice Chancellor of Perdana University in 2013.

Professor Rachagan was the Vice-Chair-cum-Rapporteur of the 13th Session of the UNCTAD Intergovernmental Group of Experts (IGE) on Competition Law and Policy held in 2013 and Chair of the UNCTAD Ad Hoc Expert Meeting on Competition Law and Policy held in 2014.

He is currently a member of the UNCTAD Expert Panel on Consumer Protection and the Chair of its Working Committee on Financial Services. He is also a member of the Advisory Boards of the Centres for Consumer and Competition Law of several foreign universities.

#### **PROF. DATIN DR. HASNAH HARON**

Prof. Datin Dr. Hasnah is a Professor of Auditing at the Graduate School of Business, Universiti Sains Malaysia (USM). She has been Chairman of the Accounting programme, Deputy Dean of the Advanced Management Centre, and the founding Dean of the Graduate Business School at USM.

She was conferred a Ph.D. from the University of Hull in 1996 with a specialisation in Auditing and has over 25 years of academic experience. She is a Chartered member of the Institute of Internal Auditors, Malaysia, a Professional Member of Certified Public Accountants, Australia, and a Chartered Accountant of the Malaysian Institute of Accountants. She was also appointed as a Council Member of the Malaysian Institute of Accountants and as a member of the Economics and Management Cluster, National Council of Professors Malaysia.

Prof. Datin Dr. Hasnah is also involved in the development of the Corporate Integrity System Malaysia with Institute Integriti Malaysia and has acted as the lead consultant to examine the 'Effectiveness of Parole System' with the Prison Department of Malaysia.

#### **RAGUNATH KESAVAN**

Ragunath has been a legal practitioner for more than 23 years and has previously served as the President of the Malaysian Bar Council from 2009 to 2011. He had previously served as Secretary of the Bar Council. He qualified as a Barrister-at-Law at Gray's Inn, London and was called to the Bar of England & Wales in 1990.

He graduated with a Bachelor's Degree (Genetics) from University of Malaya in 1985, LLB from University of Wales Abertyswyth in 1989 and LLM from University of Malaya in 1995. He was awarded the Calcott Pryce Award in Public International Law in his LLB finals and graduated with a 2.1 degree.

#### **ABD MALEK AHMAD**

Abd Malek is the Executive Director of an information technology and 3-D animation software firm. He is a former legal practitioner.

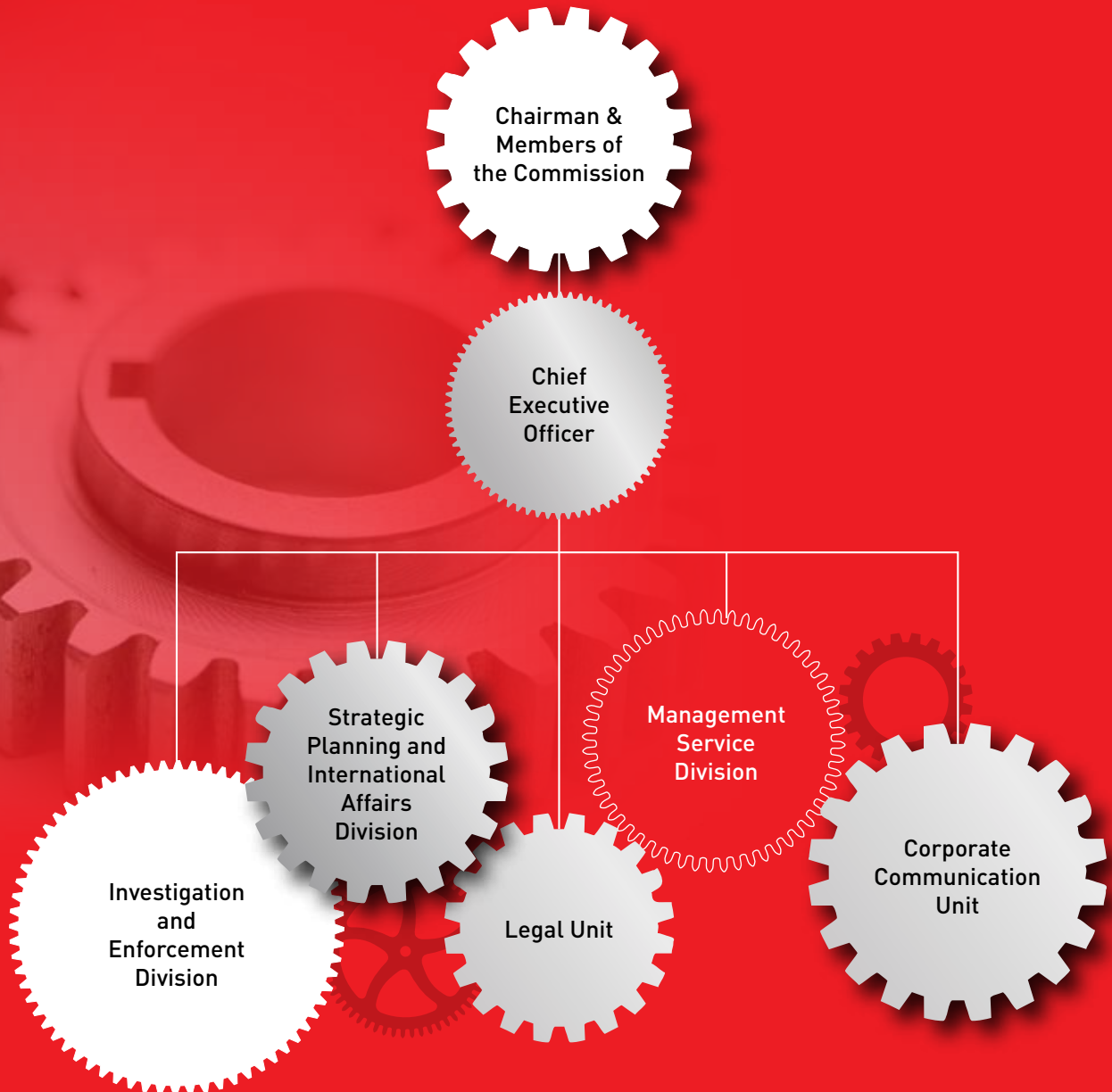
He received his Master's in Commercial Law from the University of Glasgow and has experience and knowledge in international trade and competition laws.



# organisational structure



## **MALAYSIA COMPETITION COMMISSION**







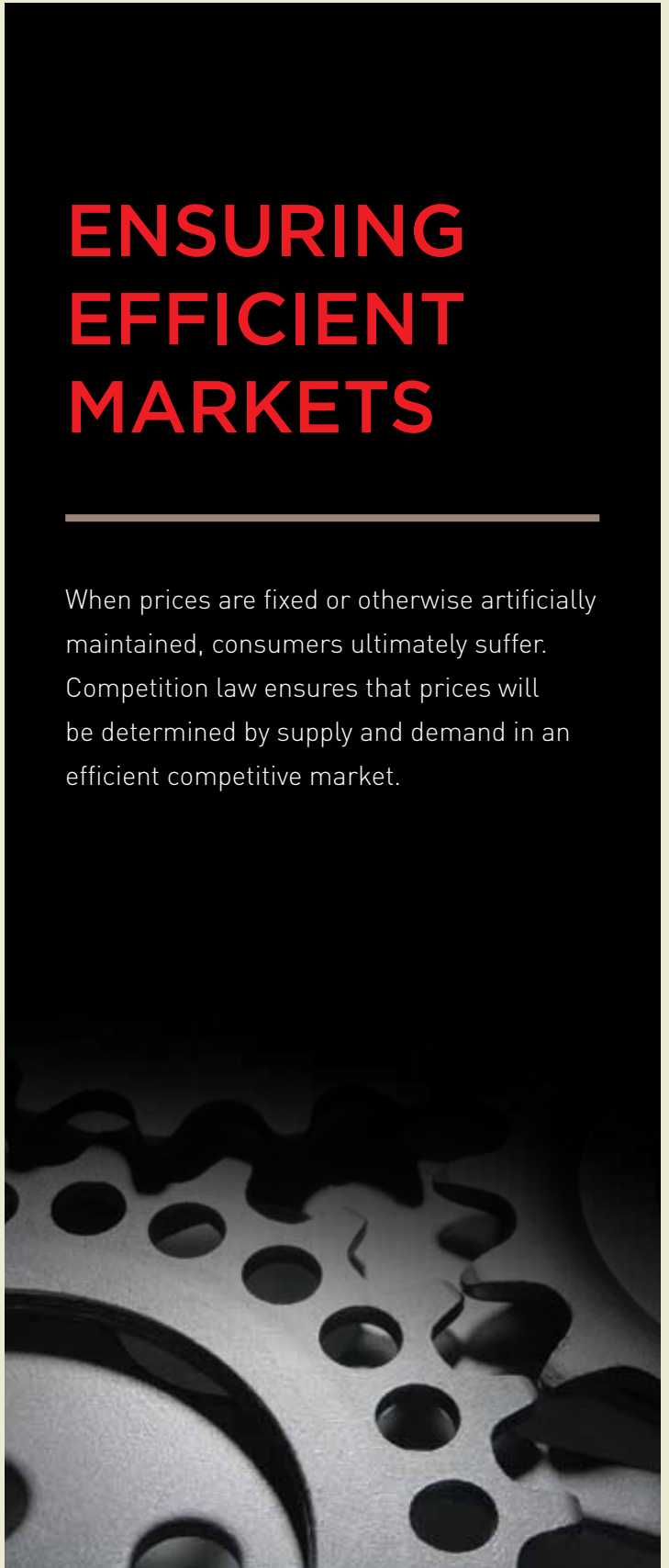




# ENSURING EFFICIENT MARKETS

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When prices are fixed or otherwise artificially maintained, consumers ultimately suffer. Competition law ensures that prices will be determined by supply and demand in an efficient competitive market.





# Year In Review

## DRIVING COMPETITION CULTURE IN 2013

The Malaysia Competition Commission (MyCC) envisions a conducive competition culture in Malaysia that will ensure a fair playing field for all businesses, large and small. The MyCC continued to work towards this vision in 2013 by enforcing the Competition Act 2010 (CA 2010) without fear or favour. Most notably, the MyCC attracted widespread interest from the mass media and the business community when it issued Proposed Decisions in the cases of Malaysia Airlines Berhad and AirAsia Berhad as well as Megasteel Sdn Bhd, in September and November 2013 respectively.

But while enforcement is the MyCC's core activity, the MyCC also assumes other responsibilities in its mission to safeguard the competitive interests of Malaysian businesses. In the year under review, the MyCC maintained its momentum in advocacy efforts, encouraged academic inquiry, conducted market review, published guidelines on the applications and implications of the CA 2010, and targeted specific audiences such as small and medium enterprises (SMEs) and trade associations. To prepare for the growing challenges of supporting competitive markets, the MyCC grew its online presence, expanded its staff, organised conferences and workshops, and actively participated in cooperation and knowledge-sharing with other competition jurisdictions.

## ORGANISATIONAL GROWTH

The official opening of the MyCC's headquarters at Menara SSM@Sentral, KL Sentral on 17 January 2013 marked the start of a new era in the agency's operations and was the first of many milestones in a remarkable year. In addition to starting operations at its new headquarters, the MyCC continued to expand its team in 2013 to meet the requirements of its expansion plans. The MyCC remained committed to providing a safe, supportive and conducive working environment for employees.

The MyCC's organisational expansion also extended to the digital space. The MyCC continued to upgrade its website ([www.mycc.gov.my](http://www.mycc.gov.my)) to provide its stakeholders with a central point of reference for information regarding competition law and its enforcement. The MyCC also stepped up engagement with the public through social media platforms such as the MyCC Facebook page ([www.facebook.com/theMyCC](http://www.facebook.com/theMyCC)) and the MyCC YouTube channel ([www.youtube.com/MyCompetitionNews](http://www.youtube.com/MyCompetitionNews)). These social networking channels represent targeted and cost-effective tools for reaching out to stakeholders and raising the MyCC's brand profile.



*The MyCC continued to upgrade its website ([www.mycc.gov.my](http://www.mycc.gov.my)) to provide its stakeholders with a central point of reference for information regarding competition law and its enforcement.*

### **PROVIDING POLICY ADVICE**

The MyCC supports government bodies through its advisory role. In 2013, the MyCC provided policy advice to the Ministry of Domestic Trade, Co-operatives and Consumerism, Ministry of Finance, Bank Rakyat and Port Klang Authority in areas related to competition law.

### **SUPPORTING COMPETITION THROUGH ACADEMIC RESEARCH**

The MyCC recognises that research is an essential component in nurturing a competition culture. To encourage academic inquiry in the area of competition law and policy, the MyCC invited researchers from universities, research institutes, think tanks and civil society organisations to participate in the MyCC Research Grant Programme (RGP). The RGP provided grants for research activities in the MyCC Strategic Research Areas, covering priority sectors and stakeholders such as the food, transport, healthcare, finance, housing and professional services industries. The MyCC awarded seven successful applicants from a total of 23 applications received in 2013, with each successful applicant receiving a grant of up to RM25,000.

Their academic studies will add to a growing body of knowledge on competition while at the same time providing a clearer picture of the competition

environment in the Malaysian economy. The findings of the research will also supply solid evidence to help the MyCC develop better competition policies, laws, strategies and advocacy activities.

### **MARKET REVIEW**

As part of its mandate under CA 2010, the MyCC complements its enforcement activities with market reviews to build a knowledge base that will support sound decision-making, taking economic and legal factors into account. The MyCC conducted one market review on price-fixing practices among Malaysian professional bodies in July 2013. This study is particularly significant for Malaysian competition policy because professional services play an increasingly important role in the Malaysian economy and all consumers use their services at some point in their lives. The study was conducted in July 2013 on 131 associations in 34 sectors. The study outlined the legislations governing them, if any; their practices of recommending/setting fee schedules, and the practice of price-fixing by professional bodies in other jurisdictions.

*This market review is particularly significant for Malaysian competition policy because professional services play an increasingly important role in the Malaysian economy.*



**YEAR IN REVIEW • cont'd****BASELINE STUDY ON AWARENESS OF THE CA 2010**

In July 2013, the MyCC conducted a study on the awareness of the CA 2010 across businesses. The results showed that awareness of the CA 2010 and the MyCC averaged at seven per cent in businesses in all states including Sabah and Sarawak, with some states displaying zero per cent awareness. These results highlight the need for more effective outreach and advocacy.

**ADVOCACY AND DIALOGUES: A TWO-WAY DOOR**

From the onset, the MyCC has been tasked with communicating the benefits and opportunities of the CA 2010 to the business community and the general public. The MyCC's advocacy programmes are aimed at raising awareness of the significance of the CA 2010 and overcoming the stakeholders' reluctance to participate in compliance activities. The MyCC's advocacy strategy plan engages a wide range of stakeholders to assure them about the CA 2010's benefits as well as its role in providing all businesses with an equal measure of protection against anti-competitive behaviour. The forum, roundtable sessions and conference in 2013 also provided participants with opportunities to ask their own questions and provide feedback. These opportunities for two-way dialogue helped to reiterate the MyCC's commitment to give due consideration to stakeholder concerns.

The MyCC carried out its advocacy programmes through a total of 30 sessions, held in locations across eight states and two Federal Territories. Some of these programmes were intended as outreach to specific sectors and sub-sectors, including trade associations for manufacturing, automobile workshops, insurance, and others.

The MyCC views these associations as crucial providers of services to their members, but their role is changing in the new era of competition law. In the

past, some members at association meetings have casually shared commercially sensitive information and discussed prices with one another. However, under CA 2010, these activities are no longer permitted. In 2013, the MyCC continued to reach out to associations to enlist their support in ending such practices. By partnering with associations to educate their members in compliance matters, the MyCC worked to create a healthier competition culture.

The MyCC's advocacy programmes for the private sector were as follows:

- **6 February:** Kuala Lumpur – National Insurance Association of Malaysia.
- **28 February:** Shah Alam – Federation of Malaysian Manufacturers (FMM) Selangor.
- **8 March:** Kuala Lumpur Convention Centre – Federation of Automobile Workshop Owners' Association (FAWOAM).
- **11 April:** Bera Community College, Pahang.
- **30 May:** The International Institute of Public Policy and Management (INPUMA) – 'Competition Law and Policy in Malaysia.'





- **11 June:** Association of Malay Businessmen and Industrialists of Malaysia (PERDASAMA), Kuala Lumpur – 'Implications of Competition Act 2010 for Bumiputera Entrepreneurs.'
- **4 July:** Hotel Royal Chulan, Kuala Lumpur – Malaysia Legal and Corporate Conference 2013 – 'Competition Law: Its Impact on Business and Legal Practice.'
- **18 July:** Association of Malay Vehicle Importers and Traders Malaysia (PEKEMA) – 'Implications of Competition Act 2010 for Bumiputra Entrepreneurs in the National Automotive Industry.'
- **26 August:** PERDASAMA, Sungai Petani, Kedah – 'Implications of Competition Act 2010 for Bumiputera Entrepreneurs.'
- **28 August:** PERDASAMA, Kelantan – 'Implications of Competition Act 2010 for Bumiputera Entrepreneurs.'



- **2 September:** Ritz-Carlton Hotel, Kuala Lumpur – Launching of 'Competition Act 2010: A Guide for Business' handbook.
- **24 September:** For academia, Kuala Lumpur Convention Centre – 'Instituting the Competition Act 2010 – Role of Universities and Academics.'



- **25-26 September:** 1<sup>st</sup> MyCC Competition Law Conference – 'New Standards for Business in Malaysia.'



## YEAR IN REVIEW • cont'd

- **2 October:** Help University, Damansara, Kuala Lumpur – 'The Competition Act 2010.'
- **8 October:** MEF Academy Convention 2013, Subang, Selangor – 'The Competition Act 2010 – Compliance Requirement and Implementation.'
- **14 November:** PERDASAMA, Melaka – 'Implications of Competition Act 2010 for Bumiputera Entrepreneurs.'



- **28 November:** Trade chambers and associations, Kuching, Sarawak – Launching of 'Competition Act 2010: A Guide for Business' handbook.



- **29 November:** Trade chambers and associations, Kota Kinabalu, Sabah – Launching of 'Competition Act 2010: A Guide for Business' handbook.
- **3 December:** Competition Act 2010 Forum for SMEs.
- **12 December:** Malaysian Pulp and Paper Manufacturers' Association (MPPMA) – Briefing and Q&A.

The MyCC's advocacy programmes for the public sector were as follows:

- **5 February:** Ministry of Domestic Trade, Co-operatives & Consumerism (MDTCC), WP Labuan – 'Trader awareness on Competition Act 2010.'
- **18 February:** Bank Pertanian Malaysia Bhd (AGROBANK).
- **17 April:** Ministry of Domestic Trade, Co-operatives & Consumerism (MDTCC), Pulau Pinang – 'Briefing on Competition Act 2010.'





- **22 April:** INTAN Bukit Kiara – ‘INTAN Executive Talk on Bid Rigging for Public Officials.’
- **25-26 June:** MyCC and government agencies – ‘Workshop on Fighting Bid Rigging in Public Procurement.’
- **26 June:** SME Corp, Kuching, Sarawak – ‘Briefing on Syariah-Compliant SME Financing Schemes, CA 2010 Awareness and Business Ethics.’
- **29 June:** SME Corp, Likas, Sabah – ‘Competition Act 2010 Briefing.’
- **6 September:** Malaysia Public Works Department (PWD) – ‘Introductory Briefing on the Enforcement of Competition Act 2010.’
- **8 September:** Ministry of Domestic Trade, Co-operatives & Consumerism (MDTCC), Dungun, Terengganu – ‘Introduction to Competition Act 2010.’
- **26 November:** Companies Commission of Malaysia (CCM) – ‘Competition Act 2010: Better Business with Competition Compliance.’

#### **Advocacy Focus: Benefits And Consequences For SMEs**

A culture of fair competition will also be a boon for SMEs. Given that 97.3 per cent of businesses in Malaysia are SMEs, the MyCC recognises the

importance of advocacy targeted at addressing the concerns of SMEs. SME Corporation Malaysia found in its 2012 survey that awareness of the CA 2010 was low among small and medium enterprises, with 81 per cent of the 2,307 respondents being unaware of the CA 2010.

Raising the awareness level is especially critical at a time when the definition of SMEs is being broadened to take into account the structural shifts in the economy and changing business trends. On 11 July 2013, the National SME Development Council (NSDC) endorsed a new definition for SMEs that would become operational in 2014. This definition raised the qualifying threshold for sales turnover and employment of SMEs for all economic sectors. In manufacturing, SMEs are defined as having sales turnover not exceeding RM50 million or employment not exceeding 200 workers. For the services and other sectors, SMEs are defined as having sales turnover not exceeding RM20 million or employment not exceeding 75 workers. The NSDC has anticipated that the share of SMEs to total establishments could rise to 98.5 per cent.

*The MyCC's advocacy efforts toward SMEs are especially timely given that the ASEAN Economic Community (AEC) integration will occur by the end of 2015, opening up member countries to a freer flow of goods and services. SMEs that learn about the CA 2010 from the MyCC and implement competition law compliance will have a competitive edge in facing this new challenge.*



**YEAR IN REVIEW • cont'd**

There are several misperceptions that need to be addressed regarding the benefits and consequences of the CA 2010 for SMEs. While SMEs may assume that they will be exempted from competition law because of their relatively small size and impact, the fact remains that the CA 2010 covers the commercial activities of all entities, both large and small. The aim of the CA 2010 is to protect competition, rather than competitors. Furthermore, it is the smaller businesses that are more likely to suffer negative effects due to anti-competitive practices by companies in the supply chain, such as upstream suppliers or transport companies.

There are two aspects where the CA 2010 protects the competitive process and provides a level playing field, namely the prohibition on anti-competitive agreements (Section 4) and abuse of a dominant position in the market (Section 10). The law acts as a safeguard to keep large and dominant firms from forcing smaller firms out of the market by means other than the normal process of competition. It also prevents artificial distortions from affecting the competitiveness and efficiency of SMEs in their roles as producers or distributors in the market. A more competitive market will also result in lower costs of inputs for SMEs.

While the CA 2010 deters larger companies from anti-competitive practices, the CA 2010 does apply differently to small businesses in some cases. When two parties to an agreement are competitors in the same market with a total combined market share of not more than 20 per cent, or when the parties are not competitors (such as in the case of a retailer and a wholesaler) and each hold market share of less than 25 per cent, then the agreement would not have a significant effect on competition. This means that certain joint buying and selling arrangements and exclusive distribution agreements which facilitate SME business activity are likely to be permitted because the parties involved have small market shares.

As a consequence of the CA 2010, SMEs have a responsibility to educate their employees about the CA 2010 to ensure that they do not engage in any anti-competitive behaviour. SMEs should take steps to create a competition compliance culture throughout the company. In the event that they encounter anti-competitive practices by large and dominant firms, SMEs are encouraged to lodge a complaint with the MyCC.

The MyCC engaged with SMEs through advocacy activities in 2013, including the Competition Act 2010 Forum with Small & Medium Enterprises held on 3 December, and newspaper articles focusing on SMEs. The MyCC's advocacy efforts toward SMEs are especially timely given that the ASEAN Economic Community (AEC) integration will occur by the end of 2015, opening up member countries to a freer flow of goods and services. SMEs that learn about the CA 2010 from the MyCC and implement competition law compliance will have a competitive edge in facing this new challenge.

**Advocacy Focus: Bid Rigging**

Bid rigging is a particularly harmful anti-competitive practice that can be costly to a nation's economy. This practice of collusion between bidders for a contract removes competitive uncertainty in the market and goes directly against the Malaysian Government's procurement principles of 'open and fair competition,' 'transparency' and 'best value for money.' The Organisation for Economic Cooperation and Development (OECD) has estimated that eliminating bid rigging could save a country as much as one per cent of its GDP. In the case of Malaysia, this would amount to USD2.8 billion, based on 2012 figures.



In 2013, the MyCC organised two programmes on bid rigging. The first was an INTAN Executive Talk on bid rigging aimed at public officials, held on 22 April 2013. The second was a workshop on bid rigging for government officers, held in Kuala Lumpur from 25-27 June 2013, organised in cooperation with the OECD and the Korea Policy Centre (KPC). The workshop gave participants an enlightening look at bid rigging, focusing on ways to design tenders to reduce the risk of bid rigging, methods of identifying possible bid rigging at an early stage, and steps to take if bid rigging is discovered. The workshop was a resounding success, with many participants requesting follow-up sessions and asking for a fast-track investigation into a bid rigging case to illustrate the importance of the issue to the public.

The MyCC is also currently translating the OECD's guideline on bid rigging into Bahasa Malaysia and editing it for use throughout the public sector.

*The workshop gave participants an enlightening look at bid rigging, focusing on ways to design tenders to reduce the risk of bid rigging, methods of identifying possible bid rigging at an early stage, and steps to take if bid rigging is discovered.*

## ENFORCEMENT ACTIVITIES

In the year under review, the MyCC strengthened its role in enforcing fair and healthy competition in the Malaysian business environment. The MyCC issued two Proposed Decisions and one Interim Measure during this period.

*In carrying out its enforcement duties, the MyCC continued to value the concerns of the rakyat, utilising public consultations and submissions from stakeholders to ensure that its decisions were informed by a wide range of views.*

In carrying out its enforcement duties, the MyCC continued to value the concerns of the rakyat, utilising public consultations and submissions from stakeholders to ensure that its decisions were informed by a wide range of views. These consultations also demonstrated the Government's commitment to public interest throughout the investigation process.

### Proposed Decision On MAS-AirAsia

On 6 September 2013, the MyCC issued a Proposed Decision on the collaboration agreement between Malaysia Airlines Berhad and AirAsia Berhad, finding that the parties were in infringement of Section 4(2) (b) of the CA 2010.

Malaysia Airlines and AirAsia were found to have entered into a collaboration agreement that involved an arrangement for dividing up a number of domestic air transport routes between the airlines starting 1 January 2012. This agreement to share markets in the air transport services sector was an infringement of the CA 2010. The MyCC therefore imposed a fine of RM10 million on both Malaysia Airlines and AirAsia.

The MyCC's bold and timely enforcement of the CA 2010 in this case captured the attention of the mass media and spurred public interest in the consequences of infringing Malaysia's competition law.



**YEAR IN REVIEW • cont'd**

*“Market sharing is considered a serious infringement under the CA 2010 as it is deemed to have the object of significantly preventing, restricting, or distorting competition in any market for goods and services. When businesses agree to share markets, they are agreeing to stop competing at the expense of the consumers.”*

*Tan Sri Dato’ Seri Siti Norma Yaakob,  
Chairman of the MyCC, 6 September 2013.*

**Proposed Interim Measures Against PMLOA**

On 11 September 2013, the Pan Malaysia Lorry Owners Association (PMLOA) issued a statement published in the local papers stating that PMLOA was unanimous in its decision to raise transportation charges by 15 per cent. In view of this price hike, on 20 September 2013, the MyCC issued Interim Measures against the Pan Malaysia Lorry Owners Association (PMLOA). The notice was issued on a probable infringement of Section 4(2)(a) of the CA 2010 for entering into an agreement to fix an increase of transportation charges. The MyCC directed the PMLOA to refrain from implementing the price increase, then on 23 October 2013, issued final directions to the PMLOA to amend its Constitution, removing any provision concerning discussion and determination of prices.

**Proposed Decision On Megasteel**

The MyCC issued a Proposed Decision against Megasteel Sdn Bhd in November 2013 after

determining that it had infringed Section 10(1) of the CA 2010 by abusing its dominant position in the steel market.

The MyCC viewed Megasteel as being dominant in the local Hot Rolled Coil (HRC) market, which represented the upstream segment. Megasteel was also involved in Cold Rolled Coil (CRC) production in the downstream market. HRC is an essential input for the downstream manufacturers of CRC.

The MyCC found that Megasteel’s practice of charging a price for its HRC that was disproportionate to the selling price of its CRC amounted to a margin squeeze that produces anti-competitive effects in the market. The artificially lower CRC prices charged by Megasteel had the effect of hindering, if not lessening, competition in the downstream market. As this anti-competitive behaviour was an infringement of Section 10(1) of the CA 2010, the company was fined RM4.5 million in the Proposed Decision.

**Block Exemption Order For Liner Shipping Agreements**

The MyCC granted a conditional Block Exemption Order (BEO) for liner shipping agreements on 20 December 2013. The exemption shall continue in force for three years from the date of its publication in the Gazette, or until it is cancelled by the MyCC.

The MyCC granted the BEO under Section 8 of the CA 2010 for agreements in respect of Vessel Sharing Agreements and Voluntary Discussion Agreements made within Malaysia or having an effect on liner shipping services in Malaysia. The BEO only applies to transport services provided by liner operators in respect of ocean transport, and not inland carriage of goods. The exemption does not cover any element of pricing or tariff in any form.

The decision to grant the BEO followed studies and consultations with stakeholders. A nationwide public



consultation on the matter was held over a period of several months beginning February 2013.

## GUIDING THE WAY TO COMPLIANCE

The MyCC continued to expand the body of work available on the application and implications of the CA 2010 through the publication of guidelines on the CA 2010. In September 2013, the MyCC launched two new handbooks to accelerate the growing awareness and understanding of competition law among the business community. Both handbooks were made available for download from the MyCC website.

### Competition Act 2010: A Guide For Business

Competition Act 2010: A Guide for Business was launched on 2 September 2013 by the Minister of Domestic Trade, Co-operatives and Consumerism, Dato' Sri Hasan bin Malek. The handbook explains the legal terminologies of the CA 2010 in simple terms and addressed some of the concerns raised by the Malaysian business community.



### The Competition Act 2010: Compliance Guidelines

The MyCC's Compliance Guidelines handbook provides businesses with assistance in understanding what is required to implement a competition law compliance programme. A comprehensive competition law compliance programme will aid business owners in understanding the changes needed to operate a business without breaching the CA 2010.

### 1<sup>ST</sup> MyCC COMPETITION LAW CONFERENCE

**25-26 September:** 1<sup>st</sup> MyCC Competition Law Conference – 'New Standards of Doing Business in Malaysia.'

The MyCC reached a major milestone in building national competition knowledge and capacity when it organised the 1<sup>st</sup> MyCC Competition Law Conference, which was launched by the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Muhyiddin Yassin on 25 September, 2013. The two-day event, themed 'New Standards of Doing Business in Malaysia,' was held at the Kuala Lumpur Convention Centre. More than 20 industry and legal experts from across the world shared their knowledge and experience in a range of competition issues. The conference was attended by over 500 participants, comprising entrepreneurs, legal practitioners, economists, government officers and academics.



## YEAR IN REVIEW • cont'd



During the two-day event, conference delegates gained important insights in various topics relating to competition policy, including an overview of competition law in Malaysia, a comparison of mature markets and emerging markets, the costs of bid rigging and how to avoid them, the implications of vertical agreements, a case study on compliance and non-compliance issues, charging mechanisms for professional bodies, competition law as it relates to SMEs, distribution agreements and competition law, effects of Resale Price Maintenance, and the convergence of competition law and Intellectual Property Rights (IPRs).

In addition, the 'Competition Act 2010: Compliance Guidelines' handbook was officially launched on the first day of the conference with the presence of the Deputy Prime Minister of Malaysia.

The 1<sup>st</sup> MyCC Competition Law Conference was an unambiguous success and a landmark achievement in competition law education and advocacy, not just on a national scale, but on a regional level. The MyCC was able to give participants a clear understanding of the CA 2010 along with updated knowledge of current competition issues and their developments.





## COOPERATION AND KNOWLEDGE-SHARING

At a time when worldwide enforcement of competition law is becoming more aggressive and increasingly globalised, there is a clear need for Malaysia's custodian of competition law to upgrade its knowledge capabilities and prepare for a wide range of competition issues. In 2013, the MyCC strengthened cooperative ties and improved knowledge-sharing with other well-established jurisdictions through hosting and participation in various international visits, meetings and attachment programmes.

### Training And Workshop Activities

On 8-9 June, 2013, the MyCC and the CUTS Institute for Regulation and Competition (CIRC) organised a training programme on Competition Policy and Law, aimed at officials from government ministries and agencies. The event featured speakers from CIRC, the OECD, and other multilateral bodies, who conducted one session focused on economics as well as another for educating members of the media on the CA 2010.



Competition Policy & Law Training, 8-9 June 2013,  
(The Majestic Hotel Kuala Lumpur)

## Attachment Programme

In 2013, the MyCC reached out to the Australian Competition and Consumer Commission (ACCC) to undertake an attachment programme aimed at bolstering the MyCC's ability to handle competition cases and issues. A senior officer from the ACCC was placed at the MyCC from September to December 2013 to train MyCC officers on market definition and enforcement issues, while an officer from the MyCC was seconded to the ACCC from August to November 2013 to learn about investigation and evidence gathering methods.

### Visits To The MyCC

A number of distinguished guests, both local and foreign, paid visits to the MyCC during 2013. The High Commissioner of Pakistan to Malaysia, Mr Shahid M G Kiani paid a courtesy visit to the MyCC on 28 March 2013. Meanwhile, Ms. Anna Wu Hung-Yuk, Chairperson of The Competition Commission of Hong Kong, paid a courtesy visit to the MyCC on 7 June.

The newly-appointed Minister of Domestic Trade, Co-operatives and Consumerism, Dato' Sri Hasan bin Malek, had his first working visit to the MyCC Office on 3 July.



Working Visit by the Hon. Dato' Sri Hasan bin Malek, Minister of Domestic Trade, Co-Operatives and Consumerism (MDTCC) to MyCC Headquarters at Level 15, Menara SSM@Sentral, 3 July 2013



**YEAR IN REVIEW • cont'd**

*These activities helped to further establish cooperative ties and improve knowledge-sharing between the MyCC and the more established jurisdictions.*

On 19 November, a delegation from the Competition Commission of Singapore (CCS) headed by CCS Chairman Mr Lam Chuan Leong shared valuable insights about advocacy and investigation procedures during a working visit to the MyCC.

**MyCC's Working Visits**

In 2013, The MyCC's working visits abroad included Komisi Pengawas Persaingan Usaha (KPPU); Jakarta, Indonesia (14-15 February) and the Office of Fair Trading (OFT), London, UK (29-30 April).



14 - 15 February - MyCC Visit to the Indonesian Komisi Pengawas Persaingan Usaha (KPPU)

The MyCC took its turn to visit the CCS on 30 September and 2 December in order to bolster networking ties and gain a better understanding of databases and filing systems.



30 September 2013 - Working visit to the Competition Commission of Singapore (CCS), in Singapore



2 December 2013 - Working visit to the Competition Commission of Singapore (CCS) focusing on databases and filing systems



## International Meetings

The MyCC took part in numerous international meetings on competition issues throughout the year, participating as a member of the ASEAN Experts Group on Competition (AEGC), the ASEAN Work Group on Regional Competition Advocacy, the Intergovernmental Group of Experts on Competition Law and Policy, and various other groups.

- **25-26 March:** The Eleventh Meeting of The ASEAN Experts Group on Competition (11<sup>th</sup> AEGC Meeting) in Manila, Philippines.
- **27 March:** 2<sup>nd</sup> Project Steering Committee (PSC) Meeting for the ASEAN-GIZ Cooperation Project Competition Policy and Law (CPL) in ASEAN.



- **3-4 April:** 1<sup>st</sup> Meeting of ASEAN Work Group (WG) on Regional Competition Advocacy.
- **30-31 May:** Brainstorming Meeting on AEGC Capacity Building Roadmap in Tagaytay City, Philippines.
- **17-19 June:** 5<sup>th</sup> FTA Joint Committee meeting by The ASEAN-Australia-New Zealand Free Trade (AANZFTA) in Cairns, Australia.

- **7-11 July:** Intergovernmental Group of Experts on Competition Law and Policy Meeting in Geneva, Switzerland.
- **9-13 July:** 12<sup>th</sup> Session of the Intergovernmental Group of Experts on Competition Law and Policy at Geneva, Switzerland.
- **16-17 July:** 2<sup>nd</sup> Meeting of Work Group (WG) on Regional Competition Advocacy (WG Advocacy), in Bali, Indonesia.



- **10-11 October 2013:** 3<sup>rd</sup> Meeting of Work Group (WG) on Regional Competition Advocacy, Bangkok, Thailand.
- **12-15 November:** 12<sup>th</sup> Bi-Annual AEGC Meeting in Cebu, Philippines.



## YEAR IN REVIEW • cont'd



- **13-14 November:** First Meeting of the ASEAN-Australia-New Zealand Free Trade Agreement Committee on Competition (1<sup>st</sup> AANZFTA Committee on Competition Meeting), Cebu City, Philippines.

## Other Involvements

The MyCC also participated as workshop participants or guest speakers in the following events:



- **9-16 March:** Economic Partnership Program (EPP) Course on Capacity Building for Competition Law in Japan.
- **23-26 April:** The 12<sup>th</sup> ICN Annual Conference at Warsaw, Poland.
- **20-21 May:** Roundtable session with Prof Richard Whish in Kuala Lumpur.
- **4-5 July:** 3<sup>rd</sup> ASEAN Competition Conference in Singapore.
- **28 August:** 8<sup>th</sup> East Asia Conference on Competition Law and Policy, Manila, Philippines.
- **4-6 September:** Workshop on Indirect Use of Evidence in Cartel Investigations in Seoul, Korea.
- **17-18 September:** The ICN Unilateral Conduct Regional Workshop in Stockholm.
- **11-15 November:** Workshop with CIRC-CREESE Winter School on Role of Economics in Competition Law, in New Delhi, India.
- **12-13 December:** The 2013 International Competition Network (ICN) Advocacy Workshop 'Advocacy - A Driver for Change,' Rome.
- **28 February-1 March:** Organization for Economic Co-Operation and Development (OECD) Global Forum on Competition at Paris, France.
- **6-8 March:** Workshop on Practice and Procedure in Competition Cases in Seoul, Korea.





2 August 2013 - Donation to Seri Menanti Community Recovery Centre



5 to 8 December 2013 - MyCC Retreat and Strategic Planning for 2014



24 December 2013 - Aid to flood victims in Kampung Lamir, Kuantan



# Milestones

**24 October:** Cabinet approves the final draft of the Fair Trade Practices Policy (FTPP).

The Ministry of Domestic Trade, Co-operatives and Consumerism (the Ministry) forms CG25, a consultative group made up of key government agencies, chambers, associations and members of civil society to discuss aspects of draft bills based on the FTPP. Some aspects of the draft bills were reviewed following feedback from consultations with CG25.

Engagement with stakeholders to discuss final changes to the FTPP, which focused solely on competition.

**2 April:** Cabinet approves new policy and bill.

**12 April:** The new policy and bill are tabled and read in the Lower House of Parliament.

**2 June:** The Competition Act 2010 (CA 2010) receives Royal Assent.

**10 June:** The CA 2010 is gazetted. An 18-month grace period is established for companies to comply with the new law and for the Ministry to establish the Malaysia Competition Commission (MyCC).

**September:** The Ministry establishes an interim competition unit to prepare for the set-up of the MyCC. Additionally, an implementation competition committee is established to assist the interim competition unit's initial programmes, which included the formation of the MyCC and conducting advocacy programmes.

**2005**  
(October)

**2009**  
(September-October)

**2010**  
(April-September)



**February-April:**

A Competition Lab is formed to assess issues that could expedite a firm implementation of the CA 2010. The Lab is comprised of members from the public and private sectors.

**1 April:** Tan Sri Dato' Seri Siti Norma Yaakob is appointed Chairman of the MyCC.

**1 May:** Nine other members are appointed to the MyCC.

**Jun:** Shila Dorai Raj is appointed the first Chief Executive Officer of the MyCC. Other MyCC officers are also appointed.

**December:** The MyCC drafts three guidelines and conducts six public consultations to evaluate feedback from stakeholders.

**January:** The CA 2010 comes into force.

**2 May:** Release of guidelines on Complaints Procedures, Market Definition and Anti-competitive Agreements.

**16 July:** Launch of the MyCC's Handbook for General Public.

**16 July:** The MyCC conducts a market review of the domestic broiler market.

**23 July:** Investigation commences into Cameron Highlands Floriculturist Association (CHFA) for price-fixing.

**26 July:** Release of guidelines on Abuse of Dominant Position.

**24 October:** Issuance of proposed decision against CHFA for contravening Section 4(2) of the CA 2010.

**6 December:** Issuance of final decision against CHFA.

**17 January:** Official opening of the MyCC headquarters in KL Sentral.

**July:** The MyCC conducts and completes a Market Review on the fixing of prices by professional bodies in Malaysia.

The MyCC conducts a Baseline Study on the awareness level of the CA 2010.

**2 September:** Launch of Competition Act 2010: A Guide for Business.

**6 September:** Proposed Decision against Malaysia Airlines Berhad and AirAsia for market sharing.

**20 September:** Issuance of Interim Measures against the Pan Malaysia Lorry Owners Association (PMLOA) for price-fixing.

**25 September:** Launch of Competition Act 2010: Compliance Guidelines.

**25-26 September:** 1st MyCC Competition Law Conference.

**1 November:** Proposed Decision against Megasteel Sdn Bhd for abuse of dominant position.

**2011****(February-December)****2012****(January-December)****2013****(January-November)**









# INNOVATION FLOURISHES; CONSUMERS WIN

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Businesses in competitive markets must constantly improve their products and services to win market share. A market driven by innovation will offer more benefit to consumers through greater selection and better products.











## MyCC expects airlines response to breaching competition laws

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) expects to receive responses from AirAsia, Batik Air and Malaysia Airlines (MA3) very soon after allegedly breaching competition laws.

The commission has not yet received any response from the airlines since both were found to be in breach of the market sharing provisions in the Competition Act 2001. MyCC Chairman Tan Sri Sri Noreza Yaakob said.

"They are still thinking about the impact of the decisions, but we will be hearing from them very soon," she said, reporting on the sidelines of the 1st MyCC Competition Law Conference yesterday.

Under the Competition Act, the commission would impose a financial penalty of RM10 million on AirAsia and MA3 respectively.

MyCC has given the airlines 10 days to argue, either orally or in writing, why they should not be fined RM10 million each.

Both parties were given 10 days from the date of the "Prohibited Decision" made pursuant to written representations to indicate whether either one or both wished to make oral representations before the MyCC.

The director's call to MyCC to investigate entities that were in non-compliance with the provisions of Section 80(3) of the Act, the commission would impose a financial penalty of RM10 million on AirAsia and MA3 respectively.

They are still thinking about the impact of the decisions, but we will be hearing from them very soon.

By Dr. H. Noreza Yaakob, MyCC Director

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## Bid-rigging awareness events vital

**KUALA LUMPUR:** Bid-rigging awareness programmes are vital not only for businesses but also for procurement agencies, according to Malaysia Competition Commission (MyCC) chairman Tan Sri Sri Noreza Yaakob.

Bid rigging is a form of fraud in which a commercial contract is procured by one party, even though for the sake of appearance several other parties also present a bid.

This form of collusion is illegal in most countries.

It is a form of price fixing and market allocation, often practiced where contracts are determined by a call for bids.

Siti Norina, in her opening speech at the recently-held workshop on fighting the issue, termed "Workshop on Fighting Bid Rigging: A Competition Authority Perspective," said the

awareness programmes were essential since parties in cartel would go to great lengths to hide any evidence of their collusion.

The three-day workshop, beginning June 25, was specifically designed to enable the participants to get a clearer picture on the latest detection methods and approaches in fighting the issue, she said.

MyCC hosted the programme together with the Organisation for Economic Co-operation and Development and Korea Policy Centre.

Some 30 delegates from India, China, Indonesia, Vietnam, Mongolia, Singapore and Thailand attended it.

In September, MyCC will be hosting its first Competition Law Conference with the theme, "Standards for Business in Malaysia."

## Block exemption for liner pacts proposed

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) plans to propose a block exemption order (BEO) for liner shipping agreements made within Malaysia or have an effect on the liner shipping services market here.

In a statement issued yesterday, MyCC said the BEO will be granted under Section 4 of the Competition Act 2001 provided all the conditions under Section 4 of the Act are satisfied.

MyCC chief executive officer Shila Dural said the proposal was drafted based on studies conducted on the industry and after consultations with the relevant government agencies such as the Ministry of Finance, the Ministry of Transport, the Ministry of International Trade and Industry and the Economic Planning Unit.

The proposal follows the block exemption application made by the

Malaysia Shippers' Association, the Shipping Association of Malaysia and the Federation of Malaysian Port Operators Council previously.

MyCC said it may grant the BEO if it is satisfied that there are significant identifiable efficiency benefits arising from the liner shipping agreements and the benefits could not reasonably have been provided by the parties to the liner shipping agreement, without the agreement, in the absence of any other arrangement, or the agreement is necessary to eliminate competition completely in respect of shipping services.

MyCC said the proposed decision

## MyCC proposes exemption for liner shipping deals

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) has proposed to exempt liner shipping agreements made within Malaysia or have an effect on the liner shipping services market in Malaysia, from rules under the Competition Act 2001 which was formulated to encourage fair competition.

The proposed duration of the exemption is for a period of three years. After two years, should the need arise, the commission may review the exemption.

In a statement yesterday, MyCC CEO Shila Dural said the exemption will be given on condition that there are significant benefits from the shipping liner agreements, that these benefits would be diminished should the liner agreement not be restrictive to competition and that the benefits of the agreement will be passed on to the customers of the shipping liner agreements to competition.

The proposed Block Exemption Order (BEO) follows an application from the Malaysia Shippers' Association, the Shipping Association of Malaysia and

the Federation of Malaysian Port Operators Council.

Shila said the proposal was drafted based on studies conducted on the industry, and after consultations with government agencies comprising the ministries of Finance, Transport and the International Trade and Industry, and the Economic Planning Unit.

"A decision on the proposal will be made after a 30-day public consultation exercise, which will see MyCC hold a series of roadshows and when liner firms criteria are scrutinised by MyCC," she added. The final BEO will be made in June after the MyCC has evaluated submissions.

The public consultation exercise will see MyCC hold roadshows in five states: Kuala Lumpur, Penang, Selangor, Sarawak and Johor.

The Competition Act applies to all commercial activities conducted within and outside Malaysia that affects competition in the Malaysian market. It provides a regulatory framework, including powers to investigate, adjudicate and impose penalties on the perpetrators of the competition laws.

## 競爭委員會探討落實定期航運集體豁免令

(吉隆坡14日訊)經過多方探討，大馬路競爭委員會（MyCC）有意針對國內定期航運豁免令，落實集體豁免令。

（本報）建議豁免期為3年。將待評估會後諮詢結果，於3月內提出有關報告。

大馬路競爭委員會主席謝拉達表示，該項豁免令旨在定期航運集體豁免令，將得以在評估公眾諮詢，於3月內提出有關報告。

“我們是在與海運業界意見及相關政府部門，如財政部、交通部、貿工部、及經濟發展局（EDC），才開始草擬這項豁免令的相關事宜。”

她指出，只要得4個條件，大馬路競爭委員會可針對定期航

運豁免令，落實集體豁免令。

“現在建議的豁免期為3年，若有必要，委員會將在3年後檢討有關豁免令。”

這4個條件包括：（一）定期航運協議能帶來顯著利益；（二）利益不能來自航運業者；（三）定期航運協議帶來的損害可與利益相抵銷；及（四）定期航運業者不可因此完全消除競爭。

文告指出，有關豁免申請是來自馬來西亞海運業協會（SMAS）與大馬路港口運送商會聯合會（FPMOC）。

companies urges to put in place effective compliance of competition

MyCC expects to receive responses from AirAsia, Batik Air and Malaysia Airlines (MA3) very soon after allegedly breaching competition laws.

The commission has not yet received any response from the airlines since both were found to be in breach of the market sharing provisions in the Competition Act 2001. MyCC Chairman Tan Sri Sri Noreza Yaakob said.

"They are still thinking about the impact of the decisions, but we will be hearing from them very soon," she said, reporting on the sidelines of the 1st MyCC Competition Law Conference yesterday.

Under the Competition Act, the commission would impose a financial penalty of RM10 million on AirAsia and MA3 respectively.

MyCC has given the airlines 10 days to argue, either orally or in writing, why they should not be fined RM10 million each.

Both parties were given 10 days from the date of the "Prohibited Decision" made pursuant to written representations to indicate whether either one or both wished to make oral representations before the MyCC.

The director's call to MyCC to investigate entities that were in non-compliance with the provisions of Section 80(3) of the Act, the commission would impose a financial penalty of RM10 million on AirAsia and MA3 respectively.

## Initiative to spur economy for better performance

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## MyCC: Market study result on fixing of prices and fee scales finalised

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) has finalised the results of its study on the fixing of prices and fee scales by associations and professional bodies, recently.

In a statement, Shila Dural said the study by MyCC was to find out if the practices of professional bodies or associations were consistent with the Competition Act 2001.

He said MyCC, an agency under the Domestic Trade, Cooperatives and Consumerism Ministry, had also identified policy considerations relating to the designation of prices in fees.

MyCC will also carry out public consultations for identified professional bodies. The result of the study will be uploaded to www.mycc.gov.my, soon," she said after a meeting with the first 100 members of the Malaysian Association of Banks (MAB) on Friday night.

Present were Seri Menanti State Assemblyman Datuk Abd Samad Ibrahim, MyCC chairman Tan Sri Sri Noreza Yaakob and Chief Executive Officer Shila Dural Raj.

Hasan, who is also the Kuala Lumpur Member of Parliament, said that small and medium scale entrepreneurs should abide by the Competition Act 2001.

He said anti-competition practices such as fixing prices and sharing or dividing the market were an offence and citizens could be penalised up to 10 per cent of the value of the trade-off of an enterprise.

Meanwhile, Shila said MyCC would organise the 1st MyCC Competition Law Conference 2013 on the topic, "New Standard for Business in Malaysia at the Kuala Lumpur Convention Centre on 25-26 Sept."

"The conference is among the advancement programmes we will hold. It is to inform not only Malaysia, but also the whole world what we have done since MyCC was set up in 2011," Shila said.

Advocacy materials which would also be launched include guide books for compliance with the Competition Act 2001 and Competition Act 2010 for Institutions.



# In The News • cont'd



## MyCC proposes RM4.5m fine on Megasteel

By Raymond Aunee

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) has proposed a fine of RM4.5 million against Megasteel Sdn Bhd for abusing its dominant position in the upstream market by imposing a price cap on its downstream competitors.

The MyCC said it found Megasteel guilty of imposing a price cap on its downstream competitors, which is an abuse of its dominant position in the upstream market. The MyCC said it found Megasteel guilty of imposing a price cap on its downstream competitors, which is an abuse of its dominant position in the upstream market.

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馬航亞航將申述

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## Lion Corp's unit Megasteel fined RM4.5m by MyCC

Steelmaker given 30 working days to make representation on its case

By ARIJ RAMA

**MEGASTEEL Sdn Bhd**, a 70%-owned subsidiary of Lion Corp, has been fined RM4.5 million by the Malaysia Competition Commission (MyCC) for abusing its dominant position in the upstream market by imposing a price cap on its downstream competitors.

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## MyCC expects more applicants for Research Grant programme

By Raymond Aunee

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) expects to receive more applications for its Research Grant programme in 2013.

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## MyCC proposes RM4.5m penalty against Megasteel

PETALING JAYA: The Malaysia Competition Commission (MyCC) has proposed a RM4.5 million financial penalty against Megasteel Sdn Bhd, which is controlled by tycoon Tan Sri William Ching, after the steel maker was found to have infringed the Competition Act 2000 by abusing its dominant position.

The proposed penalty on Megasteel is less than that of its worldwide turnover in 2012. In a statement on Friday, MyCC said it found that Megasteel's practice of charging or imposing a price for its hot-rolled coil (HRC) that is disproportionate to the selling price of its cold-rolled coil amounts to a margin squeeze that produces anti-competitive effects in the market, and is an infringement of section 20(1) of the Act.

"Margin squeeze is also regarded as abusive means by a dominant enterprise to leverage its market power in the upstream market so as to drive out the enterprise's rivals in the downstream market," said MyCC CEO Shila Derasi Raj.

Megasteel has 30 working days from the date the proposed decision is served to submit a written representation or indicate whether it wishes to make an appeal to the High Court.

MyCC said it took into account the nature of the product, the structure of the market, the market share of the enterprise, entry barriers and the effects of Megasteel's margin squeeze on its downstream competitors as well as the seriousness of the infringement in determining the basic amount of the financial penalty.

MyCC received a complaint from Melawar Industrial Group Bhd on Aug 19, 2011 alleging abuse of a dominant position by Megasteel in the HRC market in Malaysia.

## 競爭委會：涉濫用主導地位 美嘉鋼鐵或被罰450萬

【本報訊】馬來西亞競爭委員會（MyCC）昨日宣佈，對美嘉鋼鐵（Megasteel）處以450萬馬幣罰款，指其濫用上游市場的主导地位，對下游競爭對手實施價格壓迫。

MyCC表示，美嘉鋼鐵在熱軋鋼卷（HRC）市場具有主導地位，並利用其市場力量，對下游競爭對手實施價格壓迫，以排擠競爭。

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## Truckers face MyCC action

CEASE AND DESIST: 40 companies told to stop price fixing activities



Truckers face MyCC action

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## 亞航馬航遭競爭爭執 年內料再被傳召

【本報訊】馬來西亞競爭委員會（MyCC）昨日宣佈，對亞航（AirAsia）和馬航（Malaysia Airlines）處以450萬馬幣罰款，指其濫用上游市場的主导地位，對下游競爭對手實施價格壓迫。

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## When data distorts competition...

The act of selling disaggregated data on the retail industry volume and vehicle sales in Malaysia was the primary reason behind the Malaysia Competition Commission finding the Malaysian Automotive Association (MATA) liable for breaching the spirit of the Competition Act 2001.

"Although the disaggregated data itself was also against the Act, the core matter was that selling the reports constituted a commercial activity, and the MATA being an association, should not engage in commercial activities," explained the Chief Enforcement Officer of the MyCC.

However, MATA did clarify that information sharing between businesses does not constitute the CA 2001 and if the MATA were to distribute aggregated data, it would be clear of any infringement of the CA 2001. The Act also does not prevent the individual members or companies from disseminating the data independently.

Nevertheless, if the type of information shared has an adverse effect on competition, it is deemed to be an infringement of the Act. The act also does not prevent the individual members or companies from disseminating the data independently.

Furthermore, taking into consideration the objective of the CA 2001, that is to encourage the competition process between businesses and to stimulate economic development, the disaggregated and detailed data compiled and sold by the MATA to its members may act as a hindrance to their sales.

Section 4 of the Competition Act 2001 prohibits any enterprise from forming any horizontal or vertical agreement that may significantly prevent or distort competition in the market," added MATA.

Thus, the dissemination or exchange of

the disaggregated data could be construed as a form of horizontal agreement and may cause members to be disadvantaged from producing products that are so competitive as they can be, ultimately depriving the consumers.

"We are not saying that an association should not be the black box for collecting and disseminating information to members who are also competitors unless it suggests the spirit of the Act," said MATA.

"The consumers should also understand that the issue of data and sales fall under the purview of the Ministry of International Trade and Industry and not MyCC. We can reduce the duties or taxes but we cannot ensure that the industry players are playing by the rules and paying the taxes and duties that they can on the table for the consumers."

— **MYCC CHAIRMAN**



## MYCC jangka lebih banyak pemohon untuk program geran penyelidikan

**KUALA LUMPUR:** Suruhannya Persaingan Malaysia (MyCC) berharap agar semakin lebih banyak permohonan untuk Program Geran Penyelidikan (RGP) untuk menggalakan lebih banyak kajian penyelidikan bebas di Malaysia.

Anggota MyCC Datuk Dr S. Subi Rachagan, yang merupakan Pengerusi Jawatankuasa Kerja Selangor berkata lebih banyak penyertaan daripada pemohon akan menyumbang kepada peningkatan pengetahuan tentang persaingan.

"Program ini juga akan membantu MyCC menambah lagi pengetahuan dan data yang diperlukan untuk menjalankan penyelidikan yang lebih baik," katanya kepada sidang media pada anjuran Program Geran Penyelidikan MyCC di sini semalam.

MyCC menganggarkan lapan pemohon geran RGP sehingga RM25,000 setiap satu.

Subi Rachagan berkata program ini bertujuan untuk membolehkan penyelidikan, di dalam dan di luar negara, untuk akademik serta popular dan penerbitan mengenai isu-isu dan amalan persaingan yang relevan kepada ekonomi Malaysia.

Program penyelidikan adalah sebahagian daripada program subsektor berteknologi RGP, kata Subi Rachagan.

"MyCC menyasarkan kajian penyelidikan yang dibayar RGP untuk memberi kesan kepada persaingan perniagaan yang lebih baik dalam ekonomi Malaysia," katanya. — **Bernama**

## MYCC: BEO has taken effect

**KUALA LUMPUR:** The conditional Block Exemption Order (BEO) granted by the Malaysia Competition Commission (MyCC) for liner shipping agreements in December last year, which was published in the Gazette on July 4, 2014, and has taken effect from Monday.

In a statement Monday, MyCC said the liner shipping agreements were in the interest of agreements concerning vessel sharing and voluntary discussion made within Malaysia or has an effect on the liner shipping services in Malaysia.

"The BEO is granted under section 8 of the Competition Act 2010 (Act) and the MyCC is satisfied all requirements under Section 5 of the Act have been fulfilled," it said.

MyCC said the BEO should continue in force for three years from its Gazette date or until the same was cancelled by the MyCC. "A review of the BEO will be conducted by the MyCC after two years from the date of its commencement," it said.

The BEO only applies to transport services provided by liner operators in respect of ocean transport and does not include

any inland carriage of goods occurring as part of through transport including services provided by logistic providers, forwarders and depot operators.

In addition, MyCC said, no element of pricing or tariff in any form was allowed in respect of the exempted services.

It added that the BEO did not exempt or provide immunity in respect of any abuse of a dominant position under section 10 of the Act.

The MyCC's decision to grant the BEO was based on studies conducted on the industry, and after consultations with stakeholders including the relevant government agencies," it said.

A nationwide public consultation was also held over a period of a few months in 2013 and submissions from all stakeholders were taken into account in drawing up the BEO.

The BEO follows the block exemption application made by the Malaysia Shipowners Association, Shipping Association of Malaysia and Federation of Malaysian Port Operators Council filed with the MyCC previously. — **Bernama**

## MYCC EXPECTS TO GET AIRLINES RESPONSE SOON

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) expects to receive response from AirAsia and Malaysia Airlines (MAS) "very soon" after allegedly breaching competition law. Both airlines were found to be in breach of the market-sharing prohibition in the Competition Act 2010, MyCC chairman Tan Sri Siti Norma Yaaqub said. On Sept 6, the MyCC concluded that in respect of the infringement of Section 4(2)(b) of the Act, the commission would impose a financial penalty of RM10 million on AirAsia and MAS. MyCC has given the airlines 30 days to argue, either orally or in writing, why they should not be fined RM10 million each. — **Bernama**

# Syarikat digesa patuhi akta persaingan

► Pematuhan mampu meningkatkan standard amalan perniagaan yang beretika: TPM

**KUALA LUMPUR:** Timbalan Pengerusi Menteri Tan Sri Mohd. Yusoff Yusoff menggesa syarikat, terutamanya PKS, mematuhi undang-undang persaingan yang mampu memajukan negara dan meningkatkan perniagaan yang beretika.

Beliau berkata pengumuman Akta Persaingan 2010, yang diumumkan pada 1 Jun, 2012, bertujuan memajukan negara, bukan sahaja untuk melindungi syarikat kecil dan sederhana.

Adapun misi menggalakan persaingan ini bertujuan untuk meningkatkan kualiti perkhidmatan syarikat yang lebih baik kepada pengguna yang membayar lebih rendah.

— **MYCC CHAIRMAN**



MUHYIDDIN (dua kiri) melancarkan buku 'The Competition Act 2010 Compliance Guidelines' semasa melancarkan '1st Malaysia Competition Law Conference' di Pusat Konvensyen Kuala Lumpur (PKCL) Kuala Lumpur, semalam. Turut hadir (dari kiri) Menteri Perdagangan Dalam Negeri, Koperasi dan Kewangan, Datuk Hassan Md. Yusoff, Pengerusi Malaysia Competition Commission (MyCC), Tan Sri Siti Norma Yaaqub dan Ketua Pegawai Eksekutif MyCC, Shila Doral Raj. — **Gambar Bernama**

"Dalam bahasa ini, pematuhan mesti diutamakan. Tanpa pematuhan, kita tidak dapat mencapai apa-apa."

pada Persidangan Persidangan Undang-undang MyCC pertama anjuran Bersempena Persaingan Malaysia.

Muhyiddin berkata perniagaan yang patuh akan meningkatkan kualiti perkhidmatan syarikat yang lebih baik kepada pengguna yang membayar lebih rendah.

Undang-undang ini sebagai langkah pertama dalam melindungi syarikat kecil dan sederhana, dan juga untuk meningkatkan kualiti perkhidmatan syarikat yang lebih baik kepada pengguna yang membayar lebih rendah.

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— **MYCC CHAIRMAN**

## MyCC expects response from airlines very soon

**KUALA LUMPUR:** The Malaysia Competition Commission (MyCC) expects to receive response from AirAsia and Malaysia Airlines (MAS) "very soon" after allegedly breaching competition law. Both airlines were found to be in breach of the market-sharing prohibition in the Competition Act 2010, MyCC chairman Tan Sri Siti Norma Yaaqub said.

The commission has set 30 days to argue, either orally or in writing, why they should not be fined RM10 million each.

Both parties were given 30 days from the date the "proposed decision" was served to submit written representations or indicate whether either one or both wished to make oral representations before the MyCC.

On Sept 6, the MyCC concluded that in respect of the infringement of Section 4(2)(b) of the Act, the commission would impose a financial penalty of RM10 million on AirAsia and MAS respectively.

MyCC has given the airlines 30 days to argue, either orally or in writing, why they should not be fined RM10 million each.

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— **MYCC CHAIRMAN**

## Undang-undang persaingan perlu dipatuhi setiap syarikat - Muhyiddin

### Wujudkan suasana kompetitif



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— **MYCC CHAIRMAN**

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— **MYCC CHAIRMAN**

Lembaga Disiplin diminta ingatkan semua ahli jauh amalan tidak sihat

## Patuhi tataetika pemilihan

**KUALA LUMPUR:** 20 Sept. — Timbalan Pengerusi MPPK, Tan Sri Yusoff Yusoff menggesa semua ahli MPPK mematuhi undang-undang persaingan yang mampu memajukan negara dan meningkatkan perniagaan yang beretika.

Beliau berkata pengumuman Akta Persaingan 2010, yang diumumkan pada 1 Jun, 2012, bertujuan memajukan negara, bukan sahaja untuk melindungi syarikat kecil dan sederhana.

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— **MYCC CHAIRMAN**

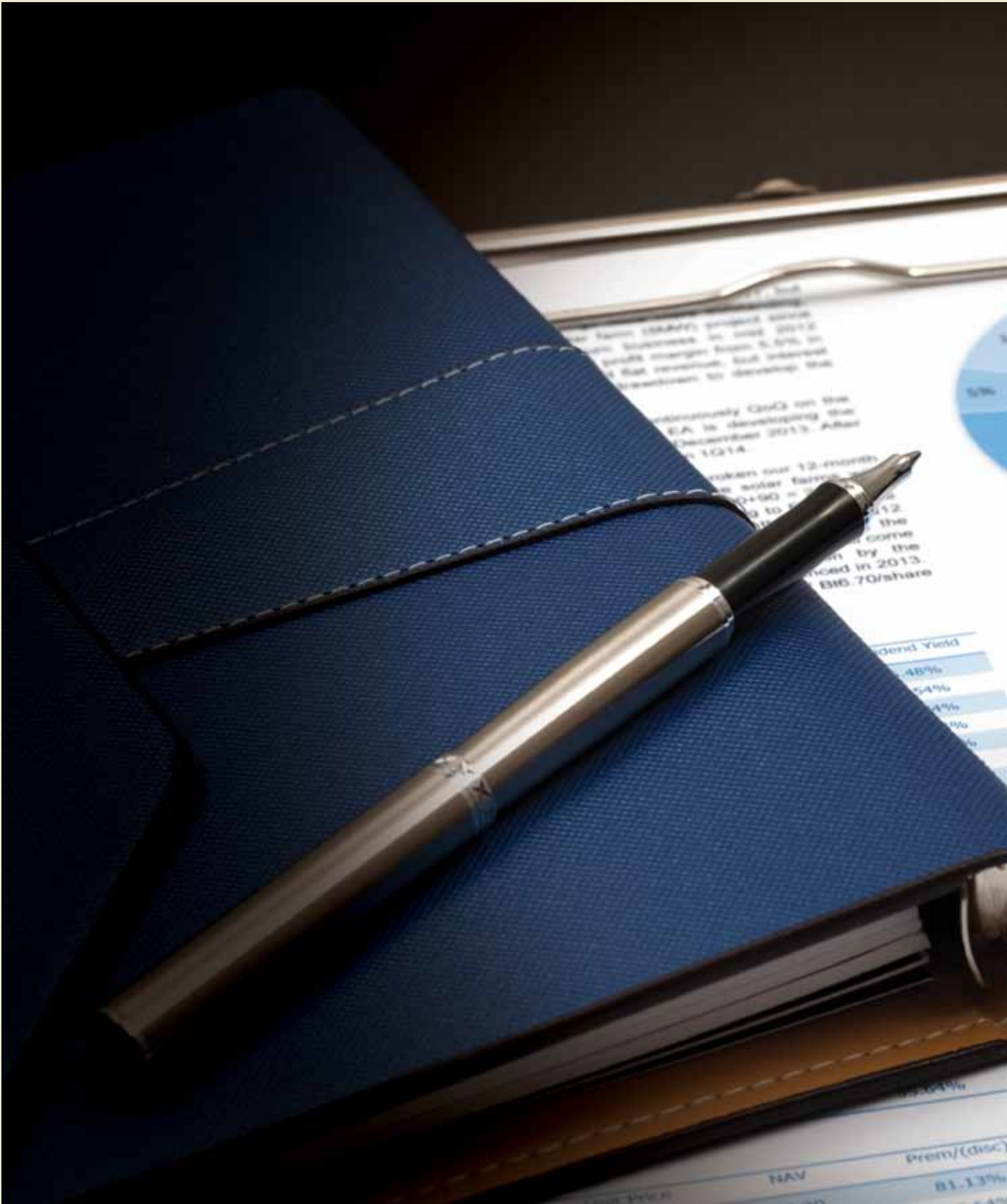
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— **MYCC CHAIRMAN**









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# Certificate of the Auditor-General



**LAPORAN KETUA AUDIT NEGARA  
MENGENAI PENYATA KEWANGAN  
SURUHANJAYA PERSAINGAN MALAYSIA  
BAGI TAHUN BERAKHIR 31 DISEMBER 2013**

**Laporan Mengenai Penyata Kewangan**

Penyata Kewangan Suruhanjaya Persaingan Malaysia bagi tahun berakhir 31 Disember 2013 telah diaudit oleh wakil saya yang merangkumi Lembaran Imbangan Pada 31 Disember 2013 dan Penyata Pendapatan, Penyata Perubahan Ekuiti serta Penyata Aliran Tunai bagi tahun berakhir pada tarikh tersebut, ringkasan polisi perakaunan yang signifikan dan nota penjelasan lain.

*Tanggungjawab Lembaga Pengarah Terhadap Penyata Kewangan*

Lembaga Pengarah bertanggungjawab terhadap penyediaan dan persembahan penyata kewangan tersebut yang saksama selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia dan Akta Suruhanjaya Persaingan 2010 (Akta 713). Lembaga Pengarah juga bertanggungjawab terhadap kawalan dalaman yang ditetapkan perlu oleh pengurusan bagi membolehkan penyediaan penyata kewangan yang bebas daripada salah nyata yang ketara sama ada disebabkan oleh fraud atau kesilapan.

*Tanggungjawab Juraudit*

Tanggungjawab saya adalah memberi pendapat terhadap penyata kewangan tersebut berdasarkan pengauditan yang dijalankan. Pengauditan telah dilaksanakan mengikut Akta Audit 1957 dan piawaian pengauditan yang diluluskan di Malaysia. Piawaian tersebut menghendaki saya mematuhi keperluan etika serta merancang dan melaksanakan pengauditan untuk memperoleh jaminan yang munasabah sama ada penyata kewangan tersebut bebas daripada salah nyata yang ketara.

Pengauditan meliputi pelaksanaan prosedur untuk memperoleh bukti audit mengenai amaun dan pendedahan dalam penyata kewangan. Prosedur yang dipilih bergantung kepada pertimbangan jurauudit, termasuk penilaian risiko salah nyata yang ketara pada penyata kewangan sama ada disebabkan oleh fraud atau kesilapan. Dalam membuat penilaian risiko tersebut, jurauudit mempertimbangkan kawalan dalaman yang bersesuaian dengan entiti dalam penyediaan dan persembahan penyata kewangan yang memberi gambaran yang benar dan saksama bagi tujuan merangka prosedur pengauditan yang bersesuaian tetapi



bukan untuk menyatakan pendapat mengenai keberkesanan kawalan dalaman entiti tersebut. Pengauditan juga termasuk menilai kesesuaian polisi perakaunan yang diguna pakai dan kemunasabahan anggaran perakaunan yang dibuat oleh pengurusan serta persembahan penyata kewangan secara menyeluruh.

Saya percaya bahawa bukti audit yang saya peroleh adalah mencukupi dan bersesuaian untuk dijadikan asas bagi pendapat audit saya.

*Pendapat*

Pada pendapat saya, penyata kewangan ini memberikan gambaran yang benar dan saksama mengenai kedudukan kewangan Suruhanjaya Persaingan Malaysia pada 31 Disember 2013 dan prestasi kewangan serta aliran tunainya bagi tahun berakhir pada tarikh tersebut selaras dengan piawaian pelaporan kewangan yang diluluskan di Malaysia.



(NIKRUL TARMIZI BIN AWALLUDIN)  
b.p. KETUA AUDIT NEGARA  
MALAYSIA

PUTRAJAYA  
3 JUN 2014





# Statements by the Members

## PENYATA Pengerusi dan Seorang Ahli Lembaga Pengarah Suruhanjaya Persaingan

Saya, TAN SRI DATO' SERI SITI NORMA YAAKOB dan ENCIK RAGUNATH A KESAVAN yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah Suruhanjaya Persaingan Malaysia dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan Suruhanjaya Persaingan Malaysia pada 31 Disember 2013 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

Bagi pihak Lembaga,



**TAN SRI DATO' SERI SITI NORMA YAAKOB**  
Pengerusi  
SURUHANJAYA PERSAINGAN

TARIKH: 15 Mei 2014  
TEMPAT: KUALA LUMPUR

Bagi pihak Lembaga,



**RAGUNATH A KESAVAN**  
ANGGOTA  
SURUHANJAYA PERSAINGAN

TARIKH: 15 Mei 2014  
TEMPAT: SELANGOR



# Statutory Declaration

## PENGAKUAN OLEH PEGAWAI UTAMA YANG BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN SURUHANJAYA PERSAINGAN MALAYSIA

Saya, **SHILA DORAI RAJ**, pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **SURUHANJAYA PERSAINGAN MALAYSIA** dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya )

diakui oleh penama di atas )

di Petaling Jaya )

pada 19 MAY 2014 )

*Shila Dorai Raj*

**SHILA DORAI RAJ**  
KETUA PEGAWAI EKSEKUTIF,  
SURUHANJAYA PERSAINGAN  
MALAYSIA



*K. Cheriahan*  
PESURUHJAYA SUMPAH

3-1, Block E2, Jalan PJU 1/42A,  
Dataran Prima, 47301 Petaling Jaya  
Selangor Darul Ehsan



# Balance Sheet

As At 31 December 2013

	Note	2013 RM	2012 RM
<b>ASSETS</b>			
Property, Plant and Equipment	4	1,428,515	1,115,144
<b>CURRENT ASSETS</b>			
Deposits and Repayments	5	200,350	218,870
Accrued Interest		135,936	162,036
Fixed Deposit	6	18,799,372	18,228,440
Cash and Bank Balances	7	7,329,589	5,973,481
Other Receivables		171,491	-
		26,636,738	24,582,827
<b>CURRENT LIABILITIES</b>			
Other Payables and Accruals		531,956	504,489
<b>NET CURRENT ASSETS</b>		26,104,782	24,078,338
		27,533,297	25,193,482
<b>FINANCED BY</b>			
Accumulated Launching Grant		27,533,297	25,193,482
		27,533,297	25,193,482



# Income Statement

For the Financial Year Ended 31 December 2013

	Note	2013 RM	2012 RM
<b>INCOME</b>			
Allocation from the Government of Malaysia		14,000,000	25,200,000
Fixed Deposit Interest	8	559,080	375,232
Exemption Application Fees		50,000	200,000
Bank Interest		110,636	96,806
Conference Fees		171,490	12,128
Disposal Sale of Office Equipment / Materials		-	3,640
<b>TOTAL INCOME</b>		<b>14,891,206</b>	<b>25,887,806</b>
<b>EXPENSES</b>			
Emoluments		2,025,920	996,290
Travel and Accommodation		186,801	143,548
Utilities and Communication		143,161	65,007
Rental		772,630	734,764
Depreciation	4	188,444	77,416
Administration Expenses	9	304,121	1,933,233
Service Expenses		1,490,620	304,687
Salaries and Allowances for Members of the Commission		610,005	698,853
Entertainment, Honorarium and Contributions		54,680	38,698
Development Expenditure	10	6,775,009	3,186,169
<b>Total Expenses</b>		<b>12,551,391</b>	<b>8,178,665</b>
<b>NET INCOME</b>		<b>2,339,815</b>	<b>17,709,141</b>



# Statement of Changes in Equity

For the Financial Year Ended 31 December 2013

	2013 RM
<b>As at 1 January 2012</b>	<b>7,484,341</b>
Net Income	17,709,141
<b>Balance as at 31 December 2012</b>	<b>25,193,482</b>
Net Income	2,339,815
<b>Balance as at 31 December 2013</b>	<b>27,533,297</b>



# Cash Flow Statement

For the Financial Year Ended 31 December 2013

	2013 RM	2012 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income	2,339,815	17,709,141
Adjustment:		
Depreciation	188,444	77,416
Fixed Deposit Interest and Bank Interest	(669,716)	(472,038)
<b>NET INCOME BEFORE WORKING CAPITAL CHANGES</b>	<b>1,858,543</b>	<b>17,314,519</b>
Increase in Other Receivables	(126,871)	(344,418)
Increase in Other Payables	27,467	420,751
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,759,139</b>	<b>17,390,852</b>
<b>ALIRAN TUNAI DARI AKTIVITI PELABURAN</b>		
Purchase of Property, Plant and Equipment	(501,815)	(824,881)
Interest Received from Fixed Deposit and Bank	669,716	472,038
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>167,901</b>	<b>(352,843)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,927,040</b>	<b>17,038,009</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>24,201,921</b>	<b>7,163,912</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>26,128,961</b>	<b>24,201,921</b>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and Bank Balances	7,329,589	5,973,481
Fixed Deposit	18,799,372	18,228,440
	<b>26,128,961</b>	<b>24,201,921</b>



# Notes to the Financial Statements

## 1. General Information

- 1.1 Malaysia Competition Commission (MyCC) was established on 1 June 2011 under the Competition Commission Act 2010 (Act 713).
- 1.2 The financial statements of the Malaysia Competition Commission for the Financial Year Ended 31 December 2013 were approved by the Meeting of the Members of the Commission No. 04/2014 on 15 May 2014.

## 2. Primary Objective

The primary objective of the Malaysia Competition Commission is to implement and enforce the provisions of the Competition Act 2010 as well as to educate the public regarding the ways in which competition may benefit to consumers and the economy of Malaysia.

## 3. Significant Accounting Policies

### 3.1 Basis of Preparation

The financial statements of the Malaysia Competition Commission have been prepared under the historical cost convention and in accordance with and the accounting standards for private entities (Private Entity Reporting Standards – PERS) approved by the Malaysian Accounting Standards Board (MASB).

- 3.2 The Malaysia Competition Commission received a development grant under the Tenth Malaysia Plan (10MP) from the Government of Malaysia for the amount of RM7,000,000 and a operating allocation of RM7,000,000 to meet the financial liabilities and capital expenditure of the Commission.

### 3.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is computed using a straight line method over the estimated useful life as follows:

Motor Vehicles	20%
Office Equipment and Furniture	10%
Books	10%
Computers	10%



### 3.4 Depreciation of Assets

At each balance sheet date, all assets will be assessed for indication that an asset may be impaired. If such an indication exists, an estimation of the recoverable amount of the assets will be carried out. An impairment loss is recognised only when the carrying amount of an asset exceeds the recoverable amount of the asset.

The recoverable amount of an asset is the higher of an asset's fair value less net selling price, which is measured by reference to the discounted present value of future cash flows.

An impairment loss is charged to the income statement, unless there is a reversal of depreciation in value. An impairment loss of a revalued asset is recognised only when the carrying amount of the asset does not exceed the amount as may be determined if there had been no impairment loss.

### 3.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at the banks as well as short-term highly liquid investments that can be converted into cash without any short-term risk.

### 3.6 Income Recognition

All income of Malaysia Competition Commission is considered in the Income Statement in accordance with the accrued basis except for the allocation from the Government of Malaysia. Malaysia Competition Commission's income consists of Allocation from the Government of Malaysia, Bank and Fixed Deposit Interests, Exemption Application Fees and Conference Fees.

The allocation received from the Government of Malaysia for the purpose of covering the cost of project development and management expenditure is considered as income.

Interest income is recognised on the basis of time apportionment and the effective rate beyond maturity.

Exemption Application Fees received are from business entities that have applied for exemptions from Competition Act 2010.

Conference Fees received are from the implementation of conference programs relating to the Competition Act 2010.



## Notes to the Financial Statements • Cont'd

### 3.7 Financial Risk Management Policies

The Malaysia Competition Commission's financial risk management policies seek to ensure that it has sufficient financial and non-financial resources to carry out its operations smoothly. The Commission will consider and assess the financial management risks that may be raised from time to time.

#### i. Interest Rate Risk

The Commission finances its operations using internal funds, and is therefore not exposed to interest rate risk from bank loans.

#### ii. Credit Risk

The Commission does not do material business on credit and is therefore not exposed to credit risk.

#### iii. Foreign Exchange Risk

The Commission does not have transactions in foreign exchange and is therefore not exposed to foreign exchange risk.

#### iv. Liquidity Risk

The Commission practises prudent liquidity risk management to minimise any imbalances of assets and liabilities, and to establish sufficient cash and cash equivalents to meet its working capital requirements.

### 3.8 Employee Benefits

#### i. Short Term Benefits

Salaries, allowances, remuneration, incentives and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees.

#### ii. Defined Contribution Plan

Contribution to the Employees' Provident Fund ("EPF") is required by law in Malaysia. Contributions are recognised as an expense in the Income Statement.

### 3.9 Income Tax

Malaysia Competition Commission has received an income tax exemption from the Ministry of Finance for a period of 5 years, i.e. from 2011 to 2015.



#### 4. Plant, Property and Equipment

	Motor Vehicles RM	Office Equipment and Furniture RM	Books RM	Computers RM	Total RM
<b>Cost</b>					
Balance as at 1 January 2013	519,366	166,450	90,373	440,672	1,216,861
Additions in the Current Year	-	40,763	163,289	297,763	501,815
<b>Balance as at 31 December 2013</b>	<b>519,366</b>	<b>207,213</b>	<b>253,662</b>	<b>738,435</b>	<b>1,718,676</b>
<b>Accumulated Depreciation</b>					
Balance as at 1 January 2013	90,420	3,781	4,078	3,438	101,717
Depreciation in the Current Year	103,873	18,261	11,907	54,403	188,444
<b>Balance as at 31 December 2013</b>	<b>194,293</b>	<b>22,042</b>	<b>15,985</b>	<b>57,841</b>	<b>290,161</b>
<b>Net Book Value</b>	<b>325,073</b>	<b>185,171</b>	<b>237,677</b>	<b>680,594</b>	<b>1,428,515</b>
<b>Cost</b>					
As at 1 January 2012	336,466	22,361	16,988	16,165	391,980
Additions in the Current Year	182,900	144,089	73,385	424,507	824,881
<b>Balance as at 31 December 2012</b>	<b>519,366</b>	<b>166,450</b>	<b>90,373</b>	<b>440,672</b>	<b>1,216,861</b>
<b>Accumulated Depreciation</b>					
As at 1 January 2012	23,027	729	25	520	24,301
Depreciation in the Current Year	67,393	3,052	4,053	2,918	77,416
<b>Balance as at 31 December 2012</b>	<b>90,420</b>	<b>3,781</b>	<b>4,078</b>	<b>3,438</b>	<b>101,717</b>
<b>Net Book Value</b>	<b>428,946</b>	<b>162,669</b>	<b>86,295</b>	<b>437,234</b>	<b>1,115,144</b>



## Notes to the Financial Statements • Cont'd

	2013 RM	2012 RM
<b>5. Deposits and Prepayments</b>		
Electricity deposit	71,851	76,851
Other deposit and collateral	124,302	137,821
Prepayments	4,197	4,198
	<b>200,350</b>	<b>218,870</b>
<b>6. Fixed Deposit</b>		
Bank Kerjasama Rakyat Malaysia	3,180,787	8,693,517
Malaysia Building Society Berhad	14,048,585	9,534,923
HwangDBS Investment Bank Berhad	1,570,000	-
	<b>18,799,372</b>	<b>18,228,440</b>
Interest rate for fixed deposits is between 3.30% - 3.60% with a retention period of between 1 and 12 months.		
<b>7. Cash and Bank Balances</b>		
Cash in hand and at banks	5,000	3,000
CIMB Current Account (Operating)	6,889,274	5,970,481
CIMB Current Account (Development)	435,315	-
	<b>7,329,589</b>	<b>5,973,481</b>
<b>8. Fixed Deposit Interest</b>		
Bank Kerjasama Rakyat Malaysia	255,877	236,010
Malaysia Building Society Berhad	292,815	139,222
HwangDBS Investment Bank Berhad	10,388	-
	<b>559,080</b>	<b>375,232</b>



	2013 RM	2012 RM
<b>9. Administration Expenditure</b>		
Petrol Fuel	<b>25,203</b>	21,454
Office Expenses	<b>233,360</b>	1,880,244
Other Taxes	<b>44,480</b>	25,557
Replacement Office Equipment/Materials	<b>1,078</b>	-
Stamp Duty	-	5,978
	<b>304,121</b>	<b>1,933,233</b>
<b>10. Development Expenditure</b>		
Capacity Development Training	<b>1,409,505</b>	543,329
Advocacy Programs	<b>1,478,836</b>	732,688
ICT and Website Development	<b>187,298</b>	231,851
Media and Communication Planning	<b>2,632,879</b>	1,120,607
Research	<b>1,066,491</b>	557,694
	<b>6,775,009</b>	<b>3,186,169</b>



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