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For Immediate Release

## Competition Commission takes travel services sector price-fixing cartel case to Competition Tribunal

The Competition Commission (“Commission”) has today commenced proceedings in the Competition Tribunal (“Tribunal”) against four undertakings and one individual, namely:

1. **Gray Line Tours of Hong Kong Limited** (“Gray Line”);
2. **Harbour Plaza 8 Degrees Limited** and **Harbour Plaza Hotel Management Limited**, owner and operator of Harbour Plaza 8 Degrees (“HP8D”);
3. **Prudential Hotel (BVI) Limited**, owner and operator of Prudential Hotel (“Prudential”);
4. **Tak How Investment Limited**, owner and operator of InterContinental Grand Stanford Hong Kong (“ICGS”); and
5. **Mr. Wu Siu Ieng, Michael**, Managing Director of Gray Line (“Mr. Wu”).

It is the Commission’s case that between May 2016 and May 2017, two competing travel services providers, Gray Line and Tink Labs Limited, agreed to fix the prices at which tourist attractions and transportation tickets were sold at hotels belonging to nine hotel groups in Hong Kong, including HP8D, Prudential, ICGS and 6 other groups. The hotel groups, as well as a tour counter operator in one of the hotels, acted as facilitators by passing on pricing information between these two competitors in circumstances where they had actively contributed to the implementation of the price-fixing agreement. The Commission has reasonable cause to believe that the above arrangement (“Subject Arrangement”) had the object of harming competition, in contravention of the First Conduct Rule of the Competition Ordinance (“Ordinance”).

In February 2021, enforcement actions against the 6 other hotel groups and the tour counter operator were resolved with the Commission issuing and all of them accepting Infringement Notices for acting as facilitators in the Subject Arrangement. These parties had cooperated with the Commission from an early stage of the investigation and made commitments to comply with the requirements of the notices.<sup>1</sup>

During the investigation onward, Gray Line (including Mr. Wu) and ICGS (collectively “Cooperating Respondents”) agreed to cooperate with the Commission under the Commission’s *Cooperation and Settlement Policy for Undertakings Engaged in Cartel Conduct* (“Cooperation Policy”). By the Cooperating Respondents ceasing the relevant anti-competitive conduct and meeting the various requirements under the Cooperation Policy, the Commission agreed to enter into cooperation agreements with them which will result in the submission of joint applications to the Tribunal seeking orders to allow the proceedings to be disposed of by consent, including:

- A declaration that all Cooperating Respondents have contravened the First Conduct Rule or had been involved in the contravention;

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<sup>1</sup> See the Commission’s [Press Release](#) and [Questions & Answers](#) dated 17 February 2021.

- Orders for the following pecuniary penalties to be imposed on the Cooperating Respondents:
  - Gray Line: HK\$4,177,000, after applying a cooperation discount<sup>2</sup>; and
  - ICGS: HK\$1,600,000, after applying a cooperation discount<sup>2</sup>;
- Orders for the recovery of the Commission’s costs of investigation and proceedings; and
- Director disqualification order against Mr. Wu for a period of three years.

In relation to HP8D and Prudential, which did not proceed to enter into cooperation agreements with the Commission (“Respondents”), the Commission is seeking remedies before the Tribunal, including:

- A declaration that the Respondents have contravened the First Conduct Rule;
- An order for pecuniary penalties to be imposed on the Respondents;
- Orders for the recovery of the Commission’s costs of investigation and proceedings; and
- Orders requiring the Respondents to adopt an effective compliance program as the Tribunal considers appropriate.

Mr. Rasul Butt, Chief Executive Officer of the Commission, said, “Today’s enforcement action concludes the Commission’s investigation into 9 large hotel groups, 2 travel services providers and a tour counter operator, that took advantage of consumers seeking to visit some of Hong Kong’s most popular tourist attractions.

The investigation of this case took time as it involved a large number of parties with varying culpability and willingness to cooperate with the Commission. It is also the first time where the nature and facts of the case prompted the Commission to utilise a wide range of enforcement tools and remedies available under the Ordinance in order to resolve relevant competition concerns effectively and proportionately.

Facilitators of the cartel conduct were given the opportunity to own up to their mistakes and take immediate and concrete measures to ensure compliance with the Ordinance within their businesses from now on, while parties which entered into the cartel arrangement were given the chance to settle on terms with the Commission that would require the Tribunal’s blessing. With the benefits of early cooperation with the Commission clearly laid out in this case, it should send a clear message to all businesses that parties who are engaged in cartel conduct should be quick to seize opportunities to cooperate with the Commission so as to secure lenient treatment.”

The Commission calls on businesses in all sectors to steer clear of anti-competitive practices, while those already involved in cartel conduct should approach the Commission for leniency or cooperation.

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<sup>2</sup> In determining the discount rate, the Commission will generally consider the order in which the relevant undertakings come forward as well as the timing, nature, value and extent of the cooperation provided. Under the Cooperation Policy, the discount can be up to 50% off the pecuniary penalty the Commission would otherwise recommend to the Tribunal.