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For Immediate Release

Competition Commission welcomes Tribunal's orders on travel services sector price-fixing case

The Competition Commission (“Commission”) welcomes the orders granted by the Competition Tribunal (“Tribunal”) in proceedings concerning price-fixing in relation to the sales of tickets to tourist attractions and transportation services at hotels in Hong Kong.

The orders were granted based on the joint applications filed with the Tribunal by the Commission and the settling respondents, Tak How Investment Limited (“Tak How”), trading as Intercontinental Grand Stanford Hong Kong, Gray Line Tours of Hong Kong Limited (“Gray Line”) and its director Wu Siu-ien Michael (“Wu”) (together, “Settling Respondents”), to dispose of the proceedings by consent. In the applications, the Settling Respondents admitted liability for their contravention of the First Conduct rule of the Competition Ordinance (“Ordinance”) or involvement in the contravention as regards two competing travel services providers fixing prices of tourist attractions and transportation tickets sold at the premises of various hotels in Hong Kong between May 2016 and May 2017.

By court orders which were sealed yesterday, the Tribunal ordered Gray Line and Tak How to pay pecuniary penalties together with the Commission’s investigation and litigation costs, and has ordered that Wu be disqualified from acting as a director in any company for a period of three years.

The pecuniary penalty that Gray Line and Tak How are ordered to pay by the Tribunal is HK\$4,177,000 and HK\$1,600,000 respectively, after receiving a 25% and 20% discount from their respective levels of recommended pecuniary penalty in recognition of their admissions of the infringing conduct, cooperation during the investigation process and the savings to public funds resulting from their cooperation.

The orders granted by the Tribunal marked the closure of the Commission’s case against the Settling Respondents, further to the infringement notices issued against six hotel groups and a tour counter operator at an earlier stage. Proceedings are ongoing for two undertakings, namely Harbour Plaza 8 Degrees Limited and Harbour Plaza Hotel Management Limited¹, and Prudential Hotel (BVI) Limited².

This case highlights the benefits for undertakings that decide to cooperate with the Commission under the Commission’s Cooperation and Settlement Policy for Undertakings Engaged in Cartel Conduct (“Cooperation Policy”) at an early stage, whereby the Commission and cooperating undertakings would reach an agreement to dispose of both the liability and relief portions of the proceedings by consent, thus saving both sides significant time and costs. In addition, the orders represent a significant outcome in the enforcement of the Ordinance as it is the first case where the Commission resolves an enforcement action by way of consent based on its Cooperation Policy.

¹ Harbour Plaza 8 Degrees Limited and Harbour Plaza Hotel Management Limited are the owner and operator of Harbour Plaza 8 Degrees respectively.

² Prudential Hotel (BVI) Limited is the owner and operator of Prudential Hotel.