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For Immediate Release

Competition Commission welcomes Tribunal’s orders in mail inserter cartel case

The Competition Commission (“Commission”) welcomes the orders granted by the Competition Tribunal (“Tribunal”) yesterday in proceedings against three undertakings for their participation in cartel conduct regarding the sale of mail inserters¹ in Hong Kong. The undertakings are:

1. **Quadient Technologies Hong Kong Limited** (formerly Neopost Hong Kong Limited) and **Quadient International Supply Limited** (formerly Neopost International Supply Limited) (together, “Neopost”);
2. **Toppan Forms (Hong Kong) Limited** (“Toppan HK”); and
3. **Smartech Business Systems (Hong Kong) Limited** (“Smartech”).

The orders were granted based on the joint applications filed with the Tribunal by the Commission and each of the three undertakings in December 2021, to dispose of the proceedings by consent. In the applications, the undertakings admitted liability for their contravention of the First Conduct Rule of the Competition Ordinance (“Ordinance”) by engaging in price fixing, market-sharing, and bid-rigging in the sale of mail inserters of the Neopost brand in Hong Kong between April 2018 and January 2019.

The Tribunal ordered the payment of the following pecuniary penalties:

- Neopost: HK\$1,399,000 (after applying a cooperation discount of 25%);
- Toppan HK: HK\$3,372,000 (after applying a cooperation discount of 25%); and
- Smartech: HK\$808,000 (after applying a cooperation discount of 28%).

The three undertakings were also ordered to pay the Commission’s investigation and litigation costs.

In addition, as part of the cooperation by the three undertakings with the Commission, all of them have agreed to strengthen competition compliance.

This is the first case in which all the subjects of the Commission’s investigation cooperated with the Commission during the investigation stage, and agreed to fully settle the case under the Commission’s Cooperation and Settlement Policy for Undertakings Engaged in Cartel Conduct (“Cooperation Policy”). In return for their cooperation, the Commission recommended the above cooperation discounts to the Tribunal and agreed not to pursue the employees of the undertakings for involvement in the contravention.

The case once again demonstrates the efficacy of the Commission’s Cooperation Policy, which allows the parties to resolve enforcement cases efficiently and effectively. Under this policy, the undertakings

¹ A mail inserter is a machine that inserts letters and other correspondence into envelopes for mass mailing.

concerned are given the chance to admit, take responsibility for, and terminate their contravening conduct in exchange for discounted pecuniary penalties² and avoidance of prolonged litigation. With the benefits of early cooperation clearly illustrated in this case, undertakings engaged in cartel conduct are urged to approach the Commission as soon as possible for cooperation.

² Under the Cooperation Policy, 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 in determining the discount rate.