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For Immediate Release

Competition Commission takes market sharing and price fixing case to Competition Tribunal

The Competition Commission (Commission) has today commenced proceedings in the Competition Tribunal (Tribunal) against ten construction and engineering companies, namely W. Hing Construction Company Limited, Sun Spark Construction Limited, Mau Hang Painting & Decoration Co, Tai Dou Building Contractor, Kam Kee Machine Electrical Iron Works Company Limited, Hip Yick Construction Company, Tai Wah Civil Engineering, Wai Sun Iron & Decoration Co, Wide Project Engineering & Construction Co and Luen Hop Decoration Engineering Co Limited.

The Commission alleges that the parties have contravened the First Conduct Rule of the Competition Ordinance (Ordinance) by making and giving effect to a market sharing agreement and a price fixing agreement, and/or engaging in concerted practices of the same nature, in relation to the provision of renovation services at Phase 1 of On Tat Estate, a public rental housing estate in Kwun Tong, Kowloon.

The Commission is seeking remedies including pecuniary penalties and a declaration that each party has contravened the First Conduct Rule of the Ordinance.

Ms. Anna Wu, Chairperson of the Commission, said, “Market sharing and price fixing are serious anti-competitive practices which lead to reduced consumer choices and un-competitively high prices, hurting consumers, other businesses and the economy as a whole. The Commission accords priority to combating such conduct which are particularly egregious when the people directly affected belong to low income groups such as the residents of the relevant public housing estate in the present case.”

“Complaints and queries from the public are important means for the Commission to identify possible contraventions of the Ordinance. Any suspected anti-competitive conduct should be reported to the Commission. The Commission will use the full extent of its powers to combat such practices.”

Following the first bid-rigging case filed in March 2017, this is the second case the Commission brought before the Tribunal in just 20 months after full commencement of the Ordinance in December 2015. The Commission is thankful to the Hong Kong Housing Authority which has rendered full assistance in the investigation of the case.

Notes to the Editor

The Commission

The Commission is an independent statutory body established under the Competition Ordinance (Cap. 619).

The Competition Ordinance

The objective of the Ordinance is to prohibit conduct that prevents, restricts or distorts competition and mergers that substantially lessen competition in Hong Kong. At the present time, the Merger Rule applies only to a merger involving an undertaking that directly or indirectly holds a carrier licence issued under the Telecommunications Ordinance (Cap. 106). The competition rules in the Ordinance came into force on 14 December 2015.

The First Conduct Rule

Under the First Conduct Rule in section 6(1) of the Competition Ordinance, undertakings are prohibited from making or giving effect to an agreement, or engaging in a concerted practice, if the object or effect of the agreement or concerted practice is to prevent, restrict or distort competition in Hong Kong. Cartel conduct, which includes price fixing, market sharing and bid-rigging, is generally regarded as a particularly harmful form of anti-competitive agreement or concerted practice.