

The Hon Andrew Leung & the Hon Jeffrey Lam,
7/F, LegCo Building,
HONG KONG.

8th December 2011

Dear Andrew & Jeffrey,

Views on the Competition Bill of the Security Industry

Thank you very much for your time in meeting with us on 30 November. It was a very fruitful meeting for us. We much appreciated in particular your detailed explanation on the latest amendments related to infringement notice which cleared our confusion.

As discussed, we write to present below our concerns. The paragraph numbering is the same as in the document CB(1)91/11-12(01) which was kindly emailed to us by Mr Andrew Leung's office.

- 4) We fully agree with “suggested that the law should completely exempt SMEs”. Our members all favour the enactment of an “Anti-Trust” law (反壟斷法), instead of the current version of a Catch-all Competition Law.

- 14) De Minimis Arrangements
We propose a combined turnover of \$1Billion or 30% of market share. To put it into perspective: we believe \$20 billions is a conservative estimate of the aggregate turnover of the Security Guarding industry (i.e. those regulated by the Security and Guarding Services Authority [SGSIA] under Type I licence).

- 14 C) We are very concerned about the definition of the turnover of an association as being the aggregate turnover of its members. We opine there are many other trade associations, like ours, which serve merely as a platform of sharing experience and expertise instead of functioning as some sort of cartel. This provision will discourage activities of trade associations and have severe adverse effects on the development of various trades in Hong Kong.

- 15) It is absurd to set SME business turnover of HKD 11 million as the threshold. An undertaking of such size can only be described as a MICRO enterprise, not small, much less medium. We propose the threshold to be set at \$500 millions.

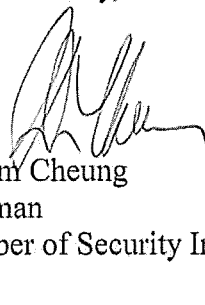
- 17) On the pecuniary cap of 10% of the local turnover for each year of infringement, up to a maximum of three year. For the guarding contracting industry, the prevailing profit margin is 5% of turnover or less. Ours is a fiercely competitive industry, with over 500 licensed companies vying for business in such a small area as Hong Kong. We propose to use 30% of profit instead of 10% of turnover. It is punitive and has a deterrent effect.

Page 1 of 2

Like numerous others who have voiced their concerns, our members are highly apprehensive of the obscurity of the wordings and meanings of items 5 to 12 of the first conduct rule.

Once again, we are very grateful for your time and attention to our concerns. Please feel free to contact me : should you want any further clarification or information concerning the security industry.

Yours sincerely,



William Cheung
Chairman
Chamber of Security Industry

PS. Pls find my business card attached for your reference