## LC Paper No. CB(4)640/14-15(01)



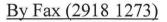
中華人民共和國香港特別行政區 Hong Kong Special Administrative Region of the People's Republic of China

立法會秘書處 法律事務部 LEGAL SERVICE DIVISION LEGISLATIVE COUNCIL SECRETARIAT

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10 March 2015

Mr Sam HUI Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry) Commerce and Economic Development Bureau Commerce, Industry and Tourism Branch **Division 2** 22-23/F, West Wing, Central Government Offices, 2 Tim Mei Avenue, Tamar, Hong Kong

Dear Mr HUI,

## Competition (Turnover) Regulation (L.N. 38 of 2015)

We are scrutinizing the legal and drafting aspects of the subject We would be grateful if you could clarify the following matters. Regulation.

In paragraph 5 of the Legislative Council Brief (File Reference: CITB CR 05/62/25/14), it is stated that reference has been drawn from the Hong Kong Accounting Standards and overseas competition laws when L.N. 38 of 2015 is made. In order to assist Members in scrutinizing L.N. 38 of 2015, please let Members know the details of the relevant provisions of the Hong Kong Accounting Standards and overseas competition laws, and provide the extracts of the relevant provisions for Members' reference.

It is noted that in the Competition Act 1998 (Determination of Turnover for Penalties) Order 2000 of the United Kingdom, there are specific provisions (sections 5 and 6) on the determination of turnover for "credit institutions", "financial institutions" and "insurance undertakings". Please let Members know why it is not necessary in Hong Kong to have similar provisions in L.N. 38 of 2015.

In section 2 of L.N. 38 of 2015, it is provided that in determining the turnover of an undertaking, the total gross revenues of the undertaking are the amounts derived by the undertaking from the undertaking's ordinary activities after deduction of sales rebates and taxes directly related to the revenues (if any). What are the criteria for classifying an activity as "ordinary" or not "ordinary"? Please clarify, with examples, the meaning of "ordinary activities". Please also consider if the phrase "ordinary activities" should be defined.

We would appreciate it if you could let us have your reply (in both Chinese and English and with soft copy to Miss Joey LEE at jmylee@legco.gov.hk) before the first meeting of the Subcommittee (tentatively fixed to be held on 16 March 2015).

Yours sincerely,

Anthy An

(Timothy TSO) Assistant Legal Adviser

c.c. C&ED (Attn: Ms Jacko TSANG, AS for Commerce & Econ Dev (Commerce & Industry)2B (By Fax: 2918 1273))

DoJ (Attn: Mr Jonathan LUK, Govt Counsel (By Fax: 2869 1302))

Clerk to the Subcommittee on Four Subsidiary Legislation Related to Competition Ordinance Gazetted on 18 February 2015