

Hong Kong Customs arrests two directors of chain fitness and beauty group suspected of unfair trade practices in sale of services

In response to the sudden announcement of the temporary business suspension by a chain fitness and beauty group on September 6, Hong Kong Customs and the Police have set up an interdepartmental dedicated investigation team to conduct an intensive investigation into offences under the Trade Descriptions Ordinance (TDO) regarding unfair trade practices and whether other criminal offences are involved respectively.

Hong Kong Customs yesterday (September 10) and today (September 11) arrested two directors of the chain fitness and beauty group suspected of wrongly accepting payments when selling fitness and beauty services, in contravention of the TDO.

Upon receiving information alleging that the chain fitness and beauty group failed to provide prepaid fitness and beauty services purchased by customers, Customs immediately established a dedicated team concerning the case and launched investigations. Customs found that the chain group still accepted payments for prepaid services from customers even before the announcement of its business suspension. Customers who had purchased prepaid fitness and beauty services were unable to use the services concerned and did not receive any refunds.

After a follow-up investigation, Customs officers conducted enforcement operations for the two consecutive days and arrested a male and a female director of the fitness and beauty group, aged 67 and 68 respectively.

An investigation is ongoing.

Customs has been paying close attention to the case and called on members of the public affected to provide information. As of noon today, Customs had received a total of 900 reports regarding the fitness and beauty group, involving fitness and beauty service contracts amounting to about \$39 million.

Customs reminds traders to comply with the requirements of the TDO. Consumers are also reminded to procure services at reputable shops and think prudently before making consumption decisions with prepayments. After purchasing services, they should keep the relevant records, such as transaction receipts and contracts, which can become basic information in case a complaint is lodged in the future.

Under the TDO, any trader commits an offence if at the time of acceptance of payment, the trader intends not to supply the product or

intends to supply a materially different product, or there are no reasonable grounds for believing that the trader will be able to supply the product within a specified or reasonable period. The maximum penalty upon conviction is a fine of \$500,000 and imprisonment for five years.

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Members of the public may report any suspected violations of the TD0 to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk) or online form (eform.cefs.gov.hk/form/ced002).