



MEDIA RELEASE

10 September 2024

Nail Palace Entities and their Managing Director Found Guilty of Contempt of Court

1. On the application of the Competition and Consumer Commission of Singapore (“**CCCS**”), a District Court has found Nail Palace (BPP) Pte. Ltd., Nail Palace (SM) Pte. Ltd. (collectively, the “**NP Entities**”), and the managing director of the NP Entities, Kaiden Cheng Kai Teng (“**Kaiden Cheng**”) guilty of contempt of court for failing to comply with court orders that were obtained by CCCS in relation to unfair trade practices under the Consumer Protection (Fair Trading) Act 2003 (“**CPFTA**”). The NP Entities were fined \$15,000 each, while Kaiden Cheng was sentenced to four months’ imprisonment.
2. This is the first time that CCCS has instituted contempt proceedings against an errant business and its manager for breaching such court orders, and the first time that the CCCS has obtained a substantial fine and imprisonment sentence against the parties that had infringed the CPFTA. The Court’s decision to fine the NP Entities and impose a custodial sentence on Kaiden Cheng signals its disapproval of errant suppliers that flagrantly disregard court orders.

Background

3. Following complaints by various consumers to the Consumers Association of Singapore, CCCS commenced investigations into the business practices of the NP Entities and obtained from the District Court (a) orders declaring that the NP Entities had engaged in one or more unfair practices relating to the supply of anti-fungal treatment packages and (b) injunctions requiring the NP Entities to stop engaging in these unfair practices.
4. At the same time, the District Court ordered the NP Entities to:
 - a. publish details of the declarations and injunctions ordered against them in the four major newspapers in Singapore (“**Publication Orders**”); and
 - b. for a period of two years, inform customers of the declarations and injunctions ordered against the respective NP Entities and obtain their acknowledgment, in writing, that they are aware of these before they enter into a contract with the relevant NP Entity (i.e. the Consumer Notification & Consent Orders, or “**CNC Orders**”).

The NP Entities' respective appeals against the District Court's Publication Orders and CNC Orders were subsequently dismissed by the High Court¹.

5. Following the NP Entities' unsuccessful appeals, CCCS monitored the NP Entities' activities and found that they, as well as Kaiden Cheng, had failed to comply with the Publication and CNC Orders, giving rise to the following breaches:
 - a. 1st Breach: The NP Entities and Kaiden Cheng failed to publish details of the declarations and injunctions by the deadline of 18 August 2023 as required by the Publication Orders.
 - b. 2nd Breach: A notice published in the four major Singapore newspapers on 31 August 2023 by the NP Entities and Kaiden Cheng failed to fulfill the purpose and intent of the Publication Orders. The printed words in the notices were extremely small and were presented in a practically unreadable manner. Such notices did not secure adequate publicity of the details of the declarations and injunctions against the NP Entities. Further, the notices in all four major Singapore newspapers were made in English, and not in the respective languages in which the separate notices were meant to be published.
 - c. 3rd Breach: The NP Entities and Kaiden Cheng failed to notify, and obtain written acknowledgements of, consumers of the declarations and injunctions made against the NP Entities before entering into contracts with them, as required by the CNC Orders.

Contempt of Court Proceedings

6. In November 2023, CCCS initiated committal proceedings against the NP Entities and Kaiden Cheng in the State Courts for breaches of the court orders and sought fines and imprisonment.
7. On 9 September 2024, the District Court found that there had been "continuing, deliberate, egregious and persistent conduct" by the NP Entities and Kaiden Cheng in disregard of their existing obligations and a "lack of urgency and a cavalier approach" by the NP Entities and Kaiden Cheng to their compliance. In respect of Kaiden Cheng, the Court found that a sentence of imprisonment was appropriate as the continuing breaches by the NP Entities were irremediable and had prejudiced the public at large.
8. "CCCS welcomes the decision of the District Court and is committed to enforcing the law for the benefit of consumers in Singapore. Unfair trade practices curtail the ability of consumers to make informed choices and CCCS will continue to take errant businesses to task, including seeking fines and imprisonment sentences should they fail to comply with Court orders issued under the CPFTA," said CCCS's Chief Executive, Mr. Alvin Koh.

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¹ <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/nail-palace-appeals-dismissed-by-high-court-28-july-2023>

About the Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency for the Consumer Protection (Fair Trading) Act 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

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