



# **TRADE DESCRIPTIONS ORDINANCE (Cap. 362)**

**Seminar for Money Service Operators**  
**26 March 2025**





# What is Trade Description?

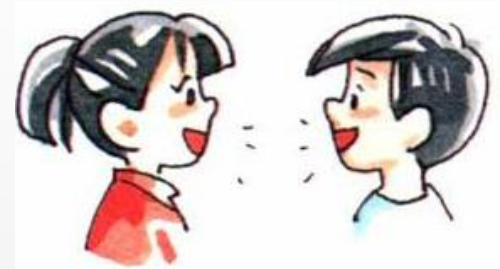
- As defined in S.2 -
  - means an indication, direct or indirect, and by whatever means given, with respect to the goods / service or any part of the goods / service
- Trade description in relation to both goods and services could be by whatever forms and in whatever means





# What is Trade Description?

- Forms:  
e.g. statements, advertisements  
or display notices
- Means:  
e.g. any media, paper, visual, verbal, electronic and even  
by conduct







# Example of Trade Description



## Ingredients :

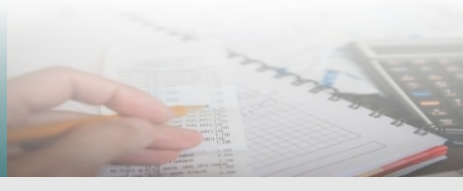
Wheat Flour, Palm Oil, Shortening (Palm Oil), Sugar, Salt, Malt Extract, Maltose, Yeast, Raising Agent ((E500ii), Flavour(Lemon), Colour (E100ii).

成分：小麥粉，棕櫚油，起酥油(棕櫚油)，白砂糖，鹽，麥芽精，麥芽糖，酵母，膨脹劑(E500ii)，調味料(檸檬味)，色素(E100ii)。

This product contains cereals containing gluten and their products.

此產品含有麩質的穀類及其製品。

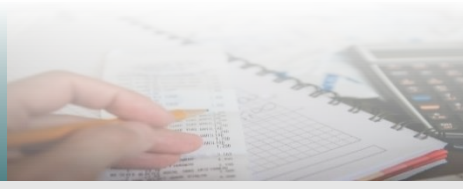
Currency		Bank Buys Notes	Bank Sells Notes
	US Dollar <small>USA</small>	34.60	36.02
	Singapore Dollar <small>Singapore</small>	24.76	25.85
	日本円 (100) <small>Japan</small>	28.18	30.70
	人民幣 <small>China</small>	5.08	5.92
	港元 <small>Hong Kong</small>	4.44	4.75
	Malaysian Ringgit <small>Malaysia</small>	7.17	8.75





# False Trade Description

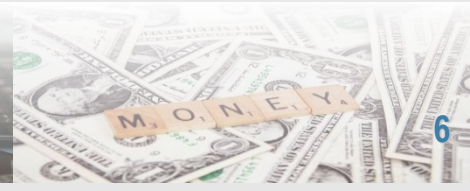
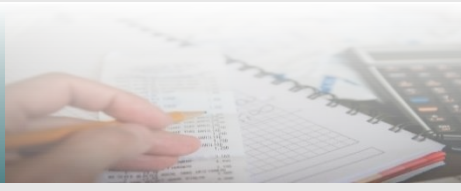
- A trade description which is **false** to a **material degree**
- A trade description which, though not false, **is misleading**, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree





# Example – Material Degree

- In an advertisement a trader claims that a smartphone has a **5.55** inch display
- In fact the display measures only **5.54** inch
- The difference of **0.01** inch would **unlikely** be taken as false to a **material degree**





# Provision S.7

Offences in respect of trade descriptions of **GOODS**

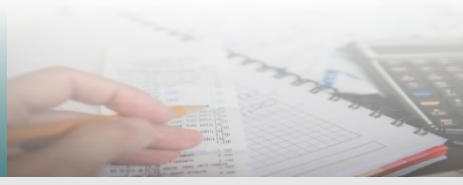
**Any person** who -

(a) in the course of **trade or business**:

(i) **applies** a false trade description to any goods; or

(ii) **supplies or offers** to supply any goods to which a false trade description is applied, or

(b) has in his **possession for sale** or for any purpose of trade or manufacture any goods to which a false trade description is applied,  
commits an offence







# Convicted Case S.7

## False Trade Description of Goods

- Customs earlier received information alleging that a car seller had supplied a second-hand car suspected of bearing a **false odometer reading** (travelling mileage) to a consumer



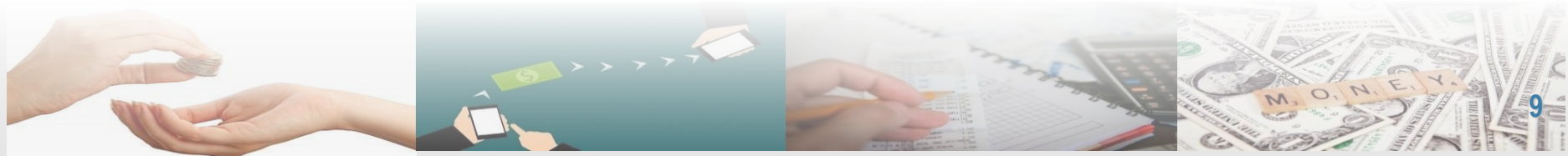




# Convicted Case S.7

## False Trade Description of Goods

- After investigation, Customs found that a car seller resold the second-hand car to the consumer with travelling mileage indicated at about 80,000 km
- It was subsequently confirmed that the vehicle's actual travelling mileage exceeded 150,000 km
- The car seller was **convicted** and sentenced to **9 weeks' imprisonment** (suspended for 2 years) and **fine of \$10,000**





# Provision S.7A

Offences in respect of trade description of SERVICES

A trader who -

- (a) applies a false trade description to a service supplied or offered to be supplied to a consumer; or
- (b) supplies or offers to supply to a consumer a service to which a false trade description is applied,

commits an offence

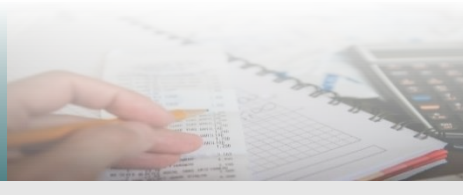




# Convicted Case S.7A

## False Trade Description of Services

- The sole proprietor of a renovation service company claimed his company was  
"Registered Electrical Contractor" (REC)  
(政府註冊電業承辦商) and  
"Registered Minor Works Contractor" (RMWC)  
(政府註冊小型工程承辦商)  
in the course of selling home renovation services to a consumer





# Convicted Case S.7A

## False Trade Description of Services

- Investigation revealed that the sole proprietor and his company were **NOT** a valid "Registered Electrical Contractor" and "Registered Minor Works Contractor"
- The sole proprietor was convicted for **applying a false trade description** to a service offered to be supplied and was **fined \$8,000**







# Unfair Trade Practices

**Misleading  
Omissions**

S.13E

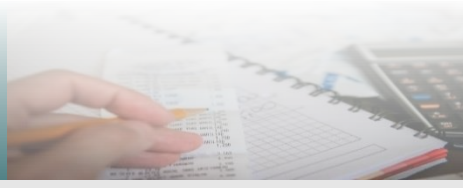
**Aggressive  
Commercial  
Practices**  
S.13F

**Bait  
Advertising**

S.13G

**Bait and Switch**  
S.13H

**Wrongly  
Accepting  
Payment**  
S.13I

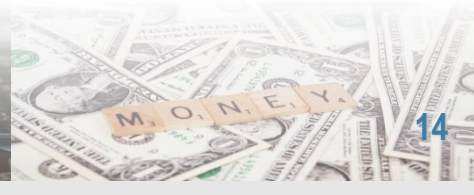
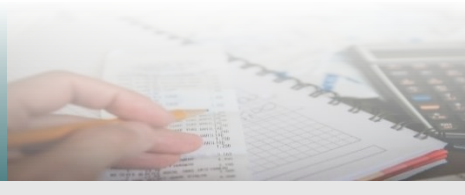




# Provision S.13E

## Misleading Omissions

- A commercial practice is a misleading omission if it:
  - omits or **hides material information**;
  - provides material information in a manner that is **unclear, unintelligible, ambiguous or untimely**; or
  - fails to identify its **commercial intent** unless this is already apparent from the context





# Convicted Case S.13E

## Misleading Omissions

- A director cum salesperson of the beauty parlour, in the course of selling a beauty service, intentionally hid a piece of **material information**
- The **location where the relevant services were to be supplied** would be moved to other locations on the next day after the deal
- It caused a customer to make a transactional decision as a result





# Convicted Case S.13E

## Misleading Omissions

- The director was sentenced to **imprisonment for 3 months** suspended for one year and **fined \$2,000** after her conviction for engaging in unfair trade practices involving a **misleading omission** in the sale of beauty services
- She was also ordered to pay the remaining treatment balance, namely **\$1,950**, to the victim as **compensation**



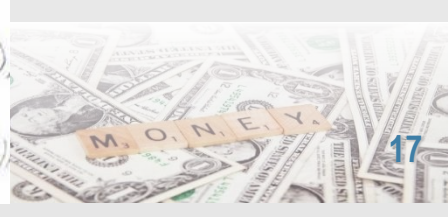
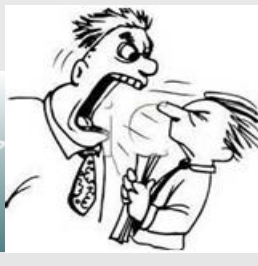
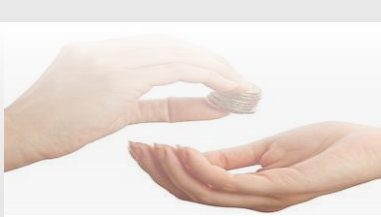




# Provision S.13F

## Aggressive Commercial Practices

- A commercial practice is aggressive if:
  - it significantly impairs the average consumer's freedom of choice or conduct through the use of **harassment**, **coercion** or **undue influence**; and
  - causes the consumer to make a transactional decision that he would not have made otherwise





# Convicted Case S.13F

## Aggressive Commercial Practices

- Six staff members of two **fitness centres** lured eight **victims on the street** to go to the fitness centres
- **Pressured** the victims and **coerced** them to provide their bank account information and balances to make instant payments for the contracts
- Highest contract price counted for a single case has exceeded \$240,000

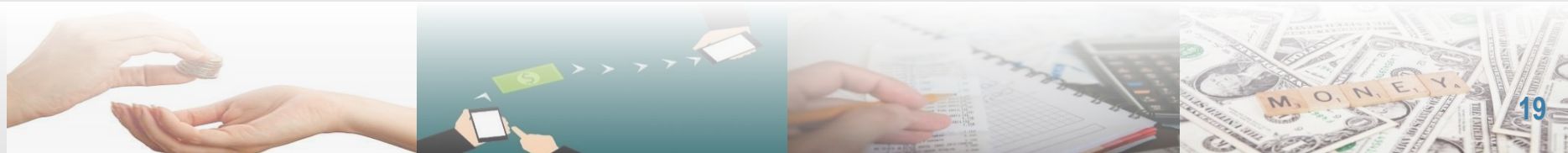




# Convicted Case S.13F

## Aggressive Commercial Practices

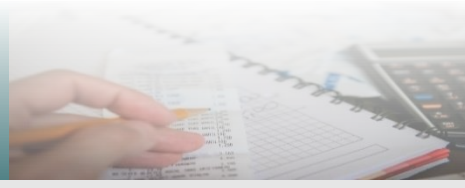
- The six staff members were convicted for engaging in **aggressive commercial practices**
- sentenced to **imprisonment of 9 to 20 months**
- also ordered to pay **compensation** of about **\$270,000** in total to the victims





# Provision S.13G Bait Advertising

- Having regard to the **nature** of the **market** in which the trader carries on business and the **nature** of the **advertisement**, it is considered a bait advertising if:
  - there are **no reasonable grounds** for believing that the trader will be **able to offer for supply** those products **at a specified price** that has been advertised, or
  - the trader **fails to offer for supply** at that price, for a period that is, and in quantities that are, reasonable







# Provision S.13G Bait Advertising

(continued)

- It is NOT bait advertising if -
  - the advertisement **states clearly the period/quantities** that are offered for supply at that price; and
  - the trader offers for supply at that price for that period or in those quantities

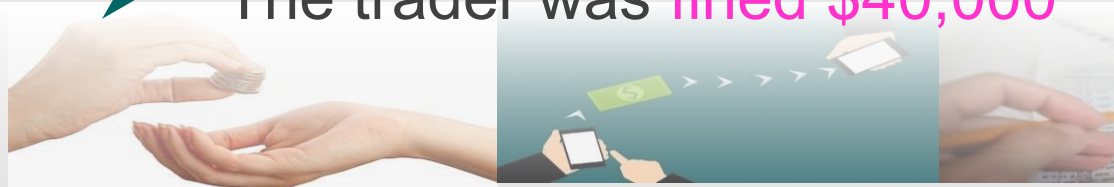




# Convicted Case S.13G

## Bait Advertising

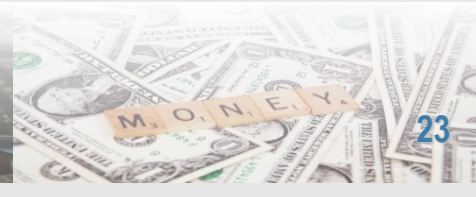
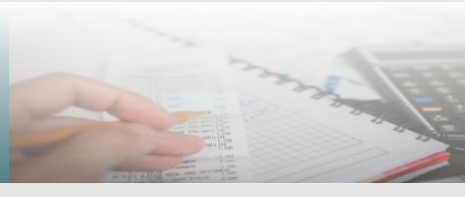
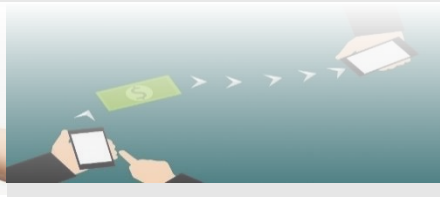
- A skin care products supplier posted an **advertisement** on website and leaflets
- **offered to supply** a skincare product set at an **attractive price** on a **certain date**
- In fact, only **1 pack** of relevant product was offered for sale
- The trader was **fined \$40,000**





# Provision S.13H Bait and Switch

- Trader makes an invitation to purchase a product at a specified price with the intention of promoting a different product if he:
  - **refuses to show or demonstrate** the product to consumers;
  - **refuses to take orders** for the product or deliver it within a reasonable time; or
  - shows or demonstrates a **defective** sample of the product

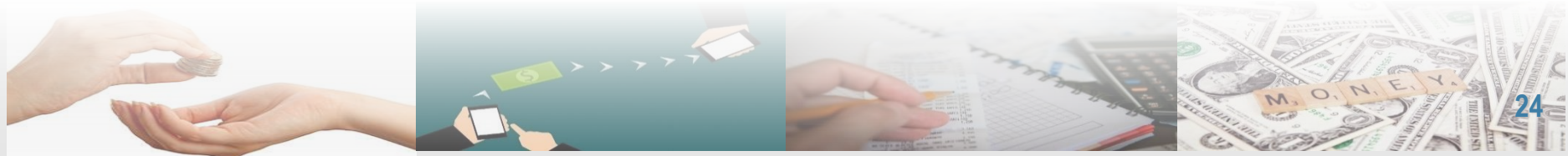




# Convicted Case S.13H

## Bait and Switch

- A consumer purchased a **voucher for beauty treatment service** from a group-buy website
- Upon arrival of the alleged beauty parlour, the victim was **persuaded** by the staff member **to purchase other kinds** of beauty service but the victim refused
- **redemption** of the product specified on the voucher was then **declined**



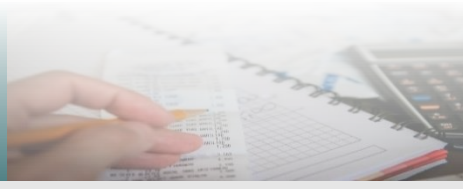




# Convicted Case S.13H

## Bait and Switch

- The product specified on the beauty service voucher **could not be delivered** to the victim **within a reasonable time**
- The alleged staff member had already engaged in a commercial practice that constitutes a **bait and switch**
- The staff member of the beauty parlour was sentenced to **120 hours of community service**

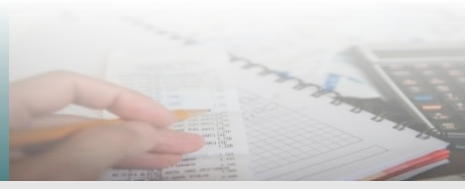




# Provision S.13I

## Wrongly Accepting Payment

- A trader wrongly accepts payment if he, at the time of acceptance:
  - intends not to supply the product;
  - intends to supply a product that is materially different
  - there are no reasonable grounds for believing that the trader will be able to supply the product -
    - within the period specified by the trader; or
    - if no period is specified, within a reasonable period

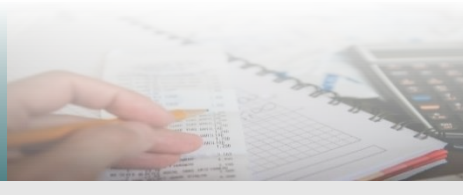




# Convicted Case S.13I

## Wrongly Accepting Payment

- A money changer had failed to remit the money received from 18 customers to their designated Mainland bank accounts
- Total amount involved was about \$3.2 million
- Sole proprietor was convicted for wrongly accepting payment and sentenced to 14 months' imprisonment





# Unfair Trade Practices

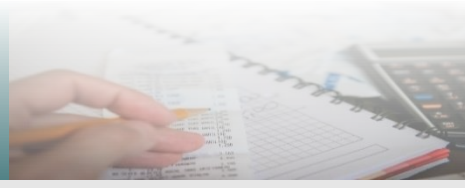
Average  
consumer

improper  
method

to make a  
transactional decision



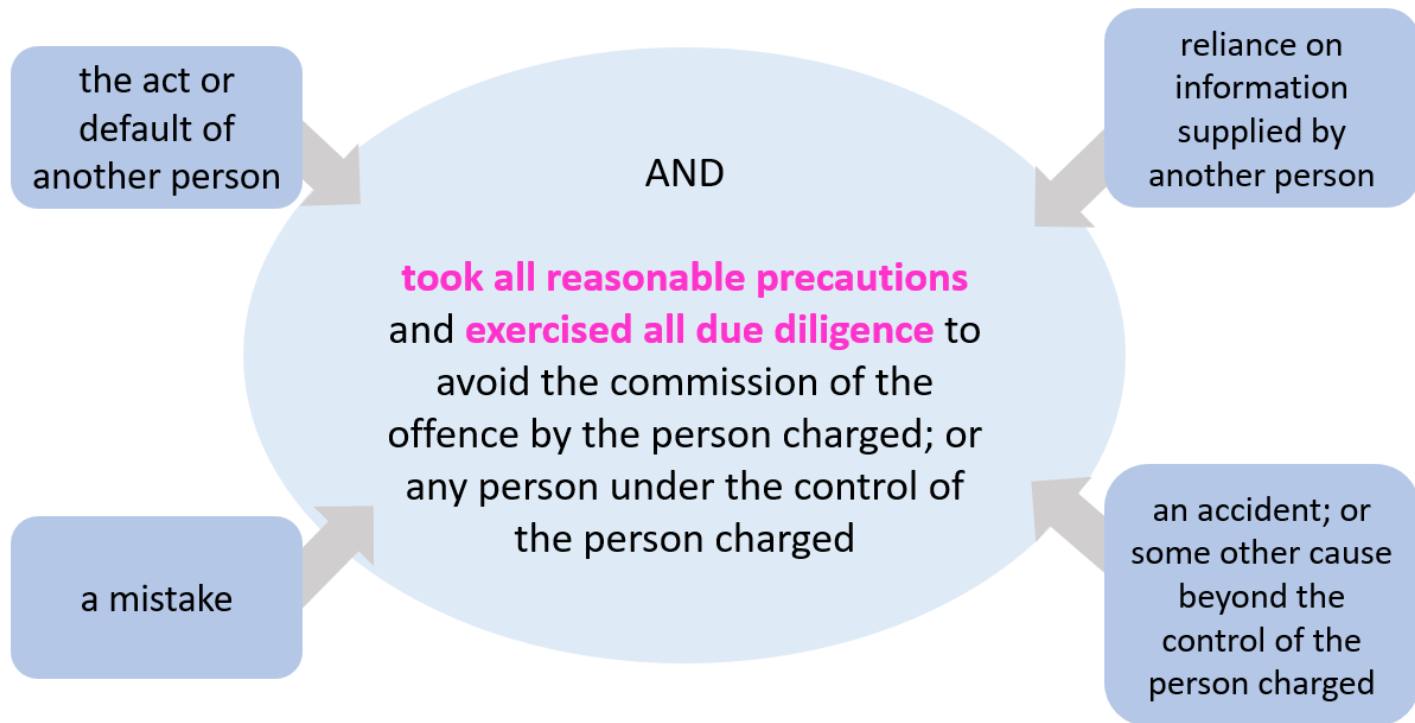
He would not have  
made otherwise





# S.26 Defences: mistake, accident, etc.

The person charged is entitled to be acquitted if sufficient evidence is adduced to raise an issue that the commission of the offence was due to -



The contrary is not proved by the prosecution beyond reasonable doubt.



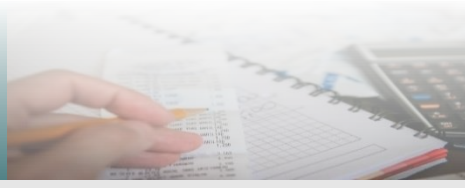




# Maximum Penalties

Fine of \$500,000 and

Imprisonment for 5 years





# Civil Compliance-based Mechanism

An alternative to prosecution -

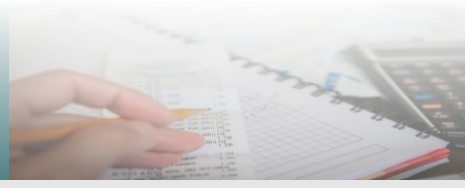
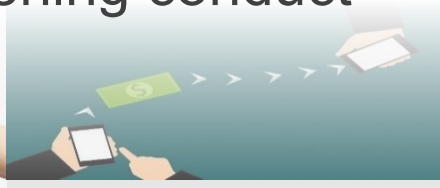
## ➤ Undertakings [S.30L]

- Enforcement agency may, with the **consent of the Secretary for Justice**, accept an undertaking from a trader
- **Commitment** by trader **not to continue** or repeat the conduct or commercial practice of concern
- Enforcement agency may **publish** the accepted undertaking



## ➤ Injunctions [S.30P]

- To **order** a trader **not to continue** or **repeat** or engage in the contravening conduct





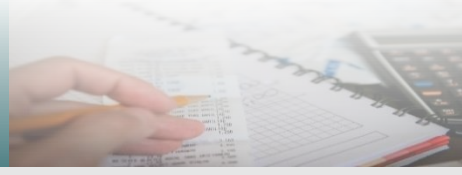
# Exempt Persons







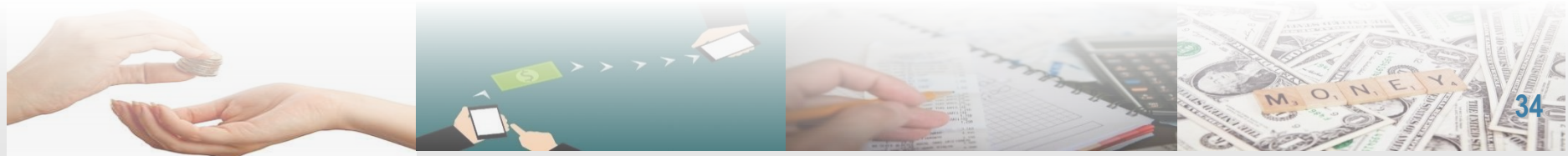
# Excluded Products





# Disclosure of Information

In pursuance to section 17(2) of the Trade Descriptions Ordinance, this department is **forbidden from disclosing any information obtained in the investigation**, including the factors concerned in drawing of conclusion







## General Enquiry

General Enquiry Hotline : 2815 7711

Email : [customsenquiry@customs.gov.hk](mailto:customsenquiry@customs.gov.hk)

## Report Information

Crime-reporting Hotline : 182 8080

Fax : 2543 4942

Crime-reporting Email : [crimereport@customs.gov.hk](mailto:crimereport@customs.gov.hk)

Online Crime Report Form : <https://eform.cefs.gov.hk/form/ced002/en/>

Mail : Commissioner of Customs and Excise  
G.P.O. Box No. 1166

