



# **Customs and Excise Department**

## **Departmental Review 2015**

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## Foreword

In the year 2015, the Department continued to demonstrate the fine tradition of dedication and professionalism. The achievements in both law enforcement and trade facilitation were encouraging.

The Department detected a total of 222 smuggling cases in 2015, representing a drop of 13% when compared to 2014. Among the cases, 73% involved smuggling activities between the Mainland and Hong Kong. Items seized were mainly cigarettes, mobile phones, tablet computers, electronic parts and photographic equipment.

In relation to anti-narcotics work, the number of cases detected decreased by 6% to 752, of which 64% were effected at the airport. A total of 1 063 kg of drugs (not including Khat) were seized, representing a 5% increase. Among the seizures, 26% were ketamine (K powder), 26% were methylamphetamine (ice) and 21% were cocaine. The seized amounts of ketamine and cocaine showed an increase of 1.2 times whereas quantity of methylamphetamine seizure dropped by 34%. Intelligence exchange and joint operations with law enforcement agencies of the Mainland and overseas contributed to the uncovering of 45 cases and the seizure of 1 000 kg of drugs outside Hong Kong. In addition to fostering closer liaison with Mainland and overseas counterparts so as to combat the source of drug supply through intelligence exchange and joint operations, the Department signed Memoranda of Understanding with five major express courier operators during the year to establish a mechanism for intelligence exchange and communication. A total of 86 drug cases were detected through the mechanism.

For revenue on dutiable commodities, duties collected by the Department in 2015 amounted to HK\$10.4 billion, representing an increase of 6.9% over 2014. 60.4% of the duty was from tobacco products (HK\$6.3 billion), 35.4% was from hydrocarbon oil (HK\$3.7 billion) and the remaining 4.2% was from alcoholic products (HK\$435.9 million).

A total of 10 278 cases of illicit cigarettes were detected in 2015, representing a decrease of 11%. The number of significant cases and illicit cigarettes seized increased by 5% to 22 and 38% to 72 million sticks respectively, while the number of telephone ordering cases detected increased by 42%. The Department will continue to adopt a holistic enforcement approach covering the entire supply chain to combat

illicit cigarette activities. It will also keep close contact with housing estate management offices and telecommunication service providers to combat telephone ordering.

In 2015, HK\$9.81 billion of government revenue was collected from motor vehicle first registration tax. In an effort to protect this important source of public revenue, combat trade malpractices and maintain a level playing field for the vehicle business, the Department continued to step up enforcement actions and prosecuted 55 importers/distributors, involving 171 motor vehicles. Promotional activities through television, radio announcements and a mobile app have been launched since May 2014 for promoting public awareness of their rights and liabilities. The mobile app also provides functions for online checking of approved retail prices of motor vehicles.

On intellectual property rights protection, the number of infringement cases detected increased by 18% to 1 002 in 2015. 200 of the cases involved Internet crime, which would be the focus of law enforcement in future. The Department noted that more and more shops made use of social media platforms in the sale of infringing goods. In response to such a trend, a new generation of the SocNet Monitoring System was rolled out during the year. The system automatically screens the enormous amount of data on social media platforms and assists Customs officers in conducting in-depth investigations on high-risk cases. Since the implementation of the new system, the number of social media accounts screened increased to about 4 000 per day, compared to about 200 in the past using manual screening.

As regards supervision of money service operators, 11 cases of unlicensed operation and two cases of non-compliance with statutory requirements were prosecuted in 2015.

Since the implementation of export control on powdered formula for infants and young children in March 2013, 13 516 cases had been detected with 195 600 kg of powdered formula seized up to December 2015. The Department would continue to mount targeted operations against unlicensed export of powdered formula, in particular at boundary control points where parallel trading activities are frequent.

As regards the protection of endangered species, a total of 395 cases were detected during the year, with 1 076 700 kg of items confiscated. The confiscated items were mainly wood logs, weighing 1 064 400 kg, representing an eight-fold increase. On the other hand, the quantity of ivory tusks confiscated dropped by 28%. This reflects Hong Kong's dedication and perseverance in shouldering its international obligations.

Trade facilitation is one of the important functions of the Department. A total of 29 enterprises had been accredited under the Authorized Economic Operator Programme implemented in mid-2012. A Mutual Recognition Arrangement was signed with Thai Customs, the fifth following those with the Mainland, India, Korea and Singapore Customs. The Free Trade Agreement Transshipment Facilitation Scheme was also rolled out during the year to enable more transshipment cargo in Hong Kong to qualify for preferential tariffs.

Consumer protection is of a high priority to the Department's functions. The Department detected 42 cases related to short weighing, five related to toys and children's products and 12 related to general consumer goods. For unfair trade practices, prosecutions amounted to 106 cases, written undertakings were accepted under the civil compliance-based mechanism in four cases and warning letters were issued in another two cases, adding up to a total of 112 cases. Since the enactment of the amended Trade Descriptions Ordinance (TDO), there had been a reduction in the use of some of the notorious unfair trade practices. With a view to raise awareness of the fair trading sections and smart shopping, the Department published information on successful prosecution and accepted undertaking cases in September 2015.

In retrospect, the Department took enforcement action on 18 633 cases in 2015, representing a decrease of 8%. Looking ahead, the Department will keep up the good work and stay alert in the discharge of our duties.

# Senior Management of the Customs and Excise Department in 2015



TAM Yat-keung

Assistant Commissioner  
(Excise and Strategic  
Support)

LIN Shun-yin

Assistant Commissioner  
(Administration and Human  
Resource Development)

YU Koon-hing

Deputy Commissioner

Roy TANG

Commissioner  
(with effect from 20.8.2015)

HO Shi-king

Assistant Commissioner  
(Intelligence and Investigation)

TANG Yi-hoi

Assistant Commissioner  
(Boundary and Ports)

LAM Po-chuen

Head of Trade Controls

# 1. Our Vision, Mission and Values

## Our Vision

We are a progressive and forward-looking Customs organization which contributes to the stability and prosperity of the community. We act with confidence, serve with courtesy and strive for excellence.

## Mission

- To protect the Hong Kong Special Administrative Region (HKSAR) against smuggling.
- To protect and collect revenue on dutiable goods.
- To detect and deter narcotics trafficking and abuse of narcotic drugs.
- To protect intellectual property rights.
- To protect consumer interests.
- To protect and facilitate legitimate trade and industry and to uphold Hong Kong's trading integrity.
- To fulfill international obligations.

## Values

- Professionalism and Respect.
- Lawfulness and Justice.
- Accountability and Integrity.
- Foresight and Innovation.



## 2. Organization of the Department

The Commissioner of Customs and Excise is the head of the Customs and Excise Department (C&ED). He is assisted by the Deputy Commissioner. The Department comprises five branches, each under a directorate officer. The five branches are:

- Administration and Human Resource Development Branch
- Boundary and Ports Branch
- Excise and Strategic Support Branch
- Intelligence and Investigation Branch
- Trade Controls Branch

The Administration and Human Resource Development Branch, headed by Assistant Commissioner (Administration and Human Resource Development), is responsible for departmental administration, financial management, human resource management, central support, training and recruitment, formulation of new legislation and review of procedures, orders and systems with Customs and Excise (C&E) Service-wide implications, prosecution of C&E Service cases, and investigation of public complaints. These services are provided through the Office of Departmental Administration, the Office of Financial Administration, the Office of Service Administration, the Office of Training and Development, the Office of Prosecution and Management Support and the Complaints Investigation Group.

The Boundary and Ports Branch, headed by Assistant Commissioner (Boundary and Ports), is responsible for matters in relation to Customs control and facilitation functions at all control points. The major operation units include the Airport Command, the Land Boundary Command, the Rail and Ferry Command and the Ports and Maritime Command.

The Excise and Strategic Support Branch, headed by Assistant Commissioner (Excise and Strategic Support), is responsible for matters relating to revenue protection and excise control, dutiable commodities, strategic planning and executive support, project planning and development, information technology development, and international Customs liaison and co-operation. It comprises the Office of Dutiable Commodities Administration, the Office of Customs Affairs and Co-operation, the Office of Supply Chain Security Management, the Office of Project Planning and Development, the Office of Information Technology and the Information Unit.



The Intelligence and Investigation Branch, headed by Assistant Commissioner (Intelligence and Investigation), is responsible for the detection and suppression of illicit drug trafficking and money laundering, enforcement of intellectual property rights protection, and surveillance and intelligence in relation to enforcement actions. The Branch is organized into the Customs Drug Investigation Bureau, the Intelligence Bureau, the Intellectual Property Investigation Bureau, the Revenue and General Investigation Bureau and the Syndicate Crimes Investigation Bureau.

The Trade Controls Branch, headed by a Senior Principal Trade Controls Officer, is responsible for matters relating to trade controls and consumer protection. The Branch is made up of the CEPA and Trade Inspection Bureau, the Trade Investigation Bureau, the Trade Declaration and Systems Bureau, the Consumer Protection Bureau, the Trade Descriptions Investigation Bureau and the Money Service Supervision Bureau.

In addition to the five branches, there are two central management units which work under the direct supervision of the Deputy Commissioner. They are the Office of Service Quality and Management Audit and the Internal Audit Division.

At the end of 2015, the Department had an establishment of 5 967 posts. Of these, nine were directorate posts, 4 843 were posts of the C&E Service, 476 were those of the Trade Controls Officer Grade and 639 belonged to various General and Common Grades.

### 3. Anti-smuggling

#### Anti-smuggling

A major mission of the Department is to prevent and detect smuggling, especially contraband and prohibited articles, the import and export of which are controlled by the laws of Hong Kong for the purpose of protecting the community and environment, maintaining public health and fulfilling international obligations. Smuggled items detected include dutiable commodities, narcotics, endangered species, firearms, copyright infringing articles, goods bearing forged trademarks and goods with false origin labels and high-valued general merchandise. In the fight against smuggling activities, the Department has strived to maintain a proper balance between control and trade facilitation to ensure the speedy flow of legitimate cargoes at the control points.



Customs dog handler and his detector dog searching for dangerous drugs in the Hong Kong International Airport

The Department detected 222 unmanifested cargo cases in 2015, a decrease of 13% when compared with 2014. Amongst the cases, 163 of them involved items smuggled between Hong Kong and the Mainland, including 47 at sea and 116 on land. There were 186 persons arrested and the seizures amounted to HK\$444 million.

Smuggling of general merchandise between Hong Kong and the Mainland is a matter of concern for both sides. High-valued commodities including mobile phones and accessories, digital cameras and accessories, computer hardware, animal fur and seafood (such as salmon and abalone) remain the popular items smuggled into the Mainland. Items smuggled to Hong Kong include dutiable cigarettes, counterfeit and copyright infringing articles.



Seizure of a large batch of smuggled digital cameras, camera lens and accessories

Concealment remains a common tactic by smugglers to evade Customs detection. Concealment methods included hiding contraband in false or altered compartments in cross-boundary vessels, lorries, private cars, cargo containers or mixing smuggled goods with legitimate imports or exports. Smugglers also exploited the long coast line of Hong Kong, and with loading places frequently changed to evade detection, sent high-valued merchandise into the Mainland by high-powered speedboats moving at breakneck speeds. Some smuggling syndicates resorted to using containerized sea cargo to smuggle hot items to the Mainland.



A secret compartment covered by a disguised footrest of the driving console on a motorized sampan

To combat the problem of parallel traders diverting large quantities of powdered formula away from the supply chain in Hong Kong, the Government passed the Import and Export (General) (Amendment) Regulation 2013 in February 2013. The new regulation came into effect on 1 March 2013 and it prohibits the unlicensed export of powdered formula for infants and children under 36 months. Those aged 16 or above are exempt on their first departure within a 24-hour period, and each may take two cans of powdered formula with a total net weight up to 1.8 kg out of Hong Kong. To tie in with the new regulation, the Department stepped up the enforcement work at various land boundary control points. The Department will continue to enhance intelligence collection and keep close contact with Mainland Customs for joint operations if necessary to detect the illegal export of powdered formula from Hong Kong. Up to 31 December 2015, a total of about 195 600 kg of powdered formula were seized.

## Financial Investigation

The Department continues to take an active role in tracing proceeds derived from organized crimes. In 2015, the Department restrained a total of HK\$91.5 million of crime proceeds, the majority of which was connected with a joint operation with the Mainland Customs against a cross-boundary syndicate involved in smuggling of precious metals, high-valued electronic goods, frozen meat, etc.

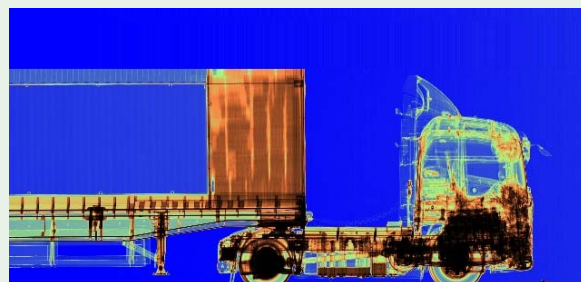
In the prevention and detection of money laundering in the HKSAR, the Joint Financial Intelligence Unit operated by the Department and the Hong Kong Police Force received 42 555 suspicious transaction reports from the financial institutions and the

designated non-financial businesses and professions, among which 1 858 were forwarded to the Department for follow-up investigation.

## Dutiable Commodities

### Illicit Cigarettes

Interception of cigarette smuggling remains a high priority task for the Department, and enforcement is focused on cigarettes smuggled across the land boundary with the Mainland. Smuggling syndicates tended to mix the cigarettes with general cargo and falsely declared the consignment, or made use of false compartment for concealment. In addition to routine checking,



X-ray photo shows unmanifested cigarettes concealed in the inner portion of a cross-boundary truck.

intelligence exchange and parallel operations with the Mainland Customs at the land boundary control points have proven to be effective measures to suppress smuggling activities. In 2015, a total of 56 million smuggled cigarettes were seized, about one-third of which were found onboard cross-boundary vehicles arriving from the Mainland. The largest importation case detected at a land boundary control point in the year involved 3.5 million cigarettes.



Illicit cigarettes were smuggled by way of being concealed in the inner portion of the cargo compartment.



Illicit cigarettes were found mixed-loaded with general cargoes onboard an incoming vehicle.

### Illicit Fuel

Rigorous enforcement through increased checks on incoming vehicles and vessels had contained the problem of illicit fuel smuggling from the Mainland. In 2015, 19 importation cases, four on land and 15 at sea, were effected with 2 900 litres of illicit fuel seized.

## **Project Crocodile**

The Project Crocodile provides a platform for customs administrations in the Asia Pacific Region to share intelligence to tackle transnational illicit cigarette smuggling. Hong Kong Customs actively reports suspicious shipments, contributing to some 56% of the notifications issued under the Project thus far. Since the launch of the Project in August 2004, 97 containers, containing 619.28 million cigarettes and 1 300 kg of manufactured tobacco in total, were seized as a result of information provided by Hong Kong Customs.

## **Dangerous Drugs**

Heroin, ketamine, methamphetamine, cocaine, cannabis are popular dangerous drugs smuggled into Hong Kong. In 2015, the Department detected 752 cases with 1 063 kg of assorted drugs (not including khat) seized. Drug syndicates smuggled drugs into Hong Kong by both passenger and cargo conduits through the control points. Air parcels and express cargoes are exploited to smuggle dangerous drugs to overseas countries. To combat cross-boundary drug trafficking activities, Hong Kong Customs will continue to take vigorous enforcement actions, step up inspection and deploy Customs detector dogs to various land control points.

## **Precious Metal**

In 2015, three cases involving seizure of 404 kg of silver and palladium slabs were detected.

## **Arms and Weapons**

Customs officers always maintain high vigilance at all control points to prevent the smuggling of arms and weapons into Hong Kong. In 2015, 74 cases of firearms and weapons were detected at the Airport with nine persons arrested and the total seizure value was HK\$1.5 million.

At the land boundary control points, one passenger case and four cargo cases were effected in 2015 and major seizures were air pistols and pepper spray.

## Counterfeit and Pirated Articles

The Department has continued to accord high priority to the protection of intellectual property rights (IPR). Rigorous operations were mounted to suppress counterfeiting and pirating activities. Major seizures included garments, handbags, shoes, leather products, watches, computer accessories, mobile phones and accessories, cosmetics, ornaments and household goods which bear forged trademarks or false trade descriptions. As it has been a global trend to have online selling of counterfeit goods coupled with transnational goods delivery service, infringers making use of cross-boundary logistics services and express couriers to deliver infringing goods sold online were rising. To tackle the problem, co-operation with overseas law enforcement agencies, express courier companies and the Hongkong Post was enhanced. In 2015, 339 and 35 cases of IPR infringing goods were detected from express couriers and the postal channel respectively. Joint operations with other customs administrations and international organizations resulted in a total of 53 cases with seizures valued at HK\$8.8 million.

At the Hong Kong International Airport, 57 IPR cases were detected with the seizures valued at HK\$3.3 million. At the land boundary control points, 13 importing cases were detected with 14 persons arrested and seizures valued at HK\$21.4 million. Besides, 22 cases of IPR infringing goods were detected from shipments via sea mode and the seizure value was HK\$37 million.

## Computer Accessories and Telecommunication Equipment

Smuggling of high-valued computer accessories to the Mainland continued in 2015. Among the outgoing smuggling cases detected at the land boundary, 71 cases involved computer accessories or telecommunication equipment including mobile phones and accessories, computer hard disks, tablet computers, random access memory sticks, central processing units, integrated circuits, etc. The seizure value amounted to HK\$140 million. Smuggling by speedboat was still prevalent. Among all seized goods in smuggling cases detected at sea, tablet computers, computer accessories and telecommunication equipment were the hottest smuggling items.



Tablet computers were found smuggled into the Mainland



Branded digital cameras were found smuggled into the Mainland.

## Meat and Poultry

To safeguard public health, joint operations were regularly mounted by the Department with the Food and Environmental Hygiene Department (FEHD) at the land boundary control points. In 2015, 201 joint operations with FEHD were conducted. Enforcement actions taken throughout the years had successfully deterred smuggling of meat and slaughtered poultry by cross-boundary cargoes and passengers.

## Endangered Species

In 2015, Customs officers detected 395 cases of endangered species of plants, birds and animals. The items involved frozen pangolin, pangolin scales, black pond turtles, Bucerotidae skulls, American ginseng, crocodile meat, cobra, bear bile powder, stony coral, red sandalwood and orchid etc.



Bucerotidae skulls seized in an anti-smuggling operation

In 2015, Customs Officers detected 26 sea smuggling cases of endangered species of animals and plants, in which over 1 063 854 kg of wood with a market value of over HK\$70 million were seized. Other than endangered species of wood, Customs officers also seized other endangered species including 5 055 kg of pangolin scales, 14 139 turtles, 2 506 kg of dried sea cucumber, etc. The total seizure value of endangered species in sea smuggling cases was over HK\$108 million.



Live black pond turtles seized in an anti-smuggling operation



Rosewood seized in an anti-smuggling operation



Red sandalwood seized in cargo examination

## Marked Oil

Since May 2005, the Department has launched a scheme to suppress seaborne smuggling of marked oil into the Mainland as a result of a higher price for diesel oil fetched in the Mainland. Oil barges delivering marked oil are required to be registered with the Department and transaction records are checked for irregularities. In 2015, four cases were detected with seven persons arrested and the total seizure value amounted to HK\$31,400.

To contain the dubious bunkering activities, the Department conducted several joint operations with the Mainland counterparts. In 2015, three joint operations with China Coast Guard against cross-boundary sea smuggling of marked oil were mounted.



## 4. Trade Facilitation

### Road Cargo System (ROCARS)

Submission of pre-shipment road cargo information via the ROCARS, an electronic system designed to speed up customs clearance of road cargoes, became mandatory on 17 November 2011. The system effectively shortens the clearance time of road cargoes at land boundary control points from 60 seconds to approximately 20 seconds, which further underscores the important status of Hong Kong as a logistic hub in the region.

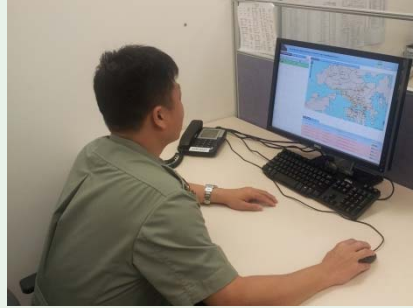
The Department has applied Radio Frequency Identification (RFID) technology to enhance the recognition of cross-boundary trucks' registration numbers for further streamlining of the automated clearance process at the land boundary control points.



Customs Officer sticking an RFID tag on the windshield of a cross-boundary truck

### Intermodal Transshipment Facilitation Scheme (ITFS)

Customs is constantly developing initiatives to enhance the speed and lower the cost of movement of cargoes across the boundary with the Mainland to maintain the competitiveness of businesses of HKSAR. To facilitate the movement of transshipment cargoes, the Department officially launched ITFS on 29 November 2010, where transshipment cargoes, if examination is required, will normally be subject to customs inspection once either at the point of entry or exit. Under ITFS, electronic locks (E-locks) are applied to secure cargo compartments of vehicles conveying transshipment cargoes to prevent the cargoes from being tampered with during the journey in Hong Kong. Besides, global positioning system devices are used for monitoring the status of the E-locks and tracking the movement of the goods vehicles to ensure the security of the cargoes while they were being conveyed within the Hong Kong boundary.



Officers checking E-locks and monitoring ITFS vehicles via web-based platform

To expand the scope of facilitating transshipment cargoes, the Department started a trial run of the “Single E-lock Scheme” with the Mainland Customs on 16 November 2012 for exploring the feasibility of interconnecting ITFS and their Quick Pass System by using a single E-lock for monitoring transshipment cargoes by the Customs authorities on respective sides of the land boundary. Under the arrangement, cargo inspection results will be mutually referenced by the two Customs authorities with the aid of the E-lock’s “steady green light” and it is expected that less frequent inspection will be executed. In view of the overall smoothness of the trial run and the fact that currently about 80% of the air-land transshipment cargoes are enjoying the seamless clearance service under the Scheme, both Customs authorities reached a consensus to formally launch the “Single E-lock Scheme” in the first quarter of 2016 to cope with the rapid development of e-commerce logistics plying between Hong Kong and Guangdong Province.

### **Economic Co-operation Framework Agreement (ECFA) and Free Trade Agreements (FTAs)**

Under ECFA signed between the Mainland and Taiwan on 29 June 2010, specified goods originating from Taiwan and consigning to the Mainland directly or vice versa can claim for preferential tariff treatment. In case the transportation involves transit through a third party, preferential tariff treatment can still be granted subject to the fulfillment of stipulated requirements which include, among other things, certification issued by the Customs Administration of the transit party. Given that Hong Kong has hitherto been a major transit port for the transportation of goods between the Mainland and Taiwan, the Department has taken up



Customs officer checking a transshipment cargo

certification/verification responsibilities which involved close collaboration and intelligence exchange with the Mainland and Taiwan Customs. Under the arrangement, cross-strait transshipment cargoes are entitled to preferential tariff treatment by the destination Customs.

Since its implementation on 1 January 2011, the Department had issued a total of 46 133 ECFA Certificates.

On 20 December 2015, the Department launched the Free Trade Agreement Transshipment Facilitation Scheme (the FTA Scheme). This voluntary scheme aims to enrich the facilitation service provided under the ECFA and allow more related transshipment cargoes in Hong Kong to enjoy preferential tariff of concerned importing countries through the provision of Customs supervision services and issuance of Certificate of Non-manipulation. The service of the FTA Scheme covers transshipment cargoes in Hong Kong under the ECFA and 12 free trade agreements signed by China with other countries / regions.



Customs officers conducting supervision duty for FTA consignments

### **Wine Exports to the Mainland**

In October 2015, the applicability of the “Co-operation Arrangement on Customs Facilitation Measures for Wine Entering the Mainland through Hong Kong” (the Scheme) was extended from designated ports in Shenzhen and Guangzhou to all ports in Beijing, Shanghai, Tianjin, Shenzhen and Guangzhou Customs districts. Since the extension, wine consignments exported by Hong Kong traders registered under the Scheme have enjoyed immediate Customs clearance on arrival at any port of the said Mainland Customs districts. The extension further benefits Hong Kong traders who deal in wines with Mainland enterprises, particularly those located in eastern and northern China.

## Hong Kong Authorized Economic Operator (AEO) Programme

With a view to safeguarding the international supply chain and further facilitating global trade, the Department formally launched the Hong Kong Authorized Economic Operator (AEO) Programme<sup>1</sup> in April 2012. Being a voluntary certification regime, the Hong Kong AEO Programme allows local companies satisfying prescribed security requirements to be accredited as trusted partners, which are eligible for reduced inspections and priority clearance at entry and exit points. Up to 2015, the Department has accredited 29 AEOs (including two small and medium enterprises) and the response from the industry towards the Programme has all along been positive.

The Department has been taking active steps to develop mutual recognition arrangements (MRAs)<sup>2</sup> with other customs administrations with a view to multiplying benefits for the Hong Kong AEOs. Following the MRAs signed with the General Administration of China Customs, the Central Board of Excise and Customs of India, the Korea Customs Service and the Singapore Customs in 2013 and 2014, the Department signed the 5<sup>th</sup> MRA with the Customs Department of the Kingdom of Thailand in June 2015. Discussions with customs counterparts of Malaysia, Japan, the European Union (EU), Taiwan and Australia for establishing MRAs are underway.



Commissioner of Customs and Excise, Mr. Clement Cheung (right), signed an MRA for the AEO Programme with the Thai Customs in Brussels, Belgium on 11 June 2015.

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- <sup>1</sup> AEO is a model programme to secure and facilitate global trade. It is one of the core elements under the Customs-to-Business Pillar of the World Customs Organization (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE FoS). Under the AEO programme, all economic operators involved in the international movements of goods may apply for AEO status, thereby reducing their security risk if accredited. AEO programme thus allows Customs to focus on high risk trade whilst facilitating legitimate trade.
- <sup>2</sup> Mutual recognition of AEO programmes is one of the principal goals of WCO SAFE FoS to better secure and facilitate global trade. It is a formal recognition of an AEO programme by other customs administrations. Through this arrangement, customs facilitation provided by other customs administrations may be extended to the accredited companies.

## Smart and Secure Trade Lanes (SSTL) Pilot Project

The Smart and Secure Trade Lanes (SSTL) Pilot Project<sup>3</sup> has been running on a proper course since its implementation in Hong Kong in November 2013. In 2015, the Department continued its active participation in the project. Through attending two working group meetings held in London and Guangzhou respectively in April and November, the Department has been working closely with the General Administration of China Customs (GACC) and the Taxation and Customs Union of the European Commission for the extension of the SSTL Pilot Project from the sea mode to the air and rail modes.

The Department will continue taking forward the project with the Mainland and the EU to create more business opportunities and strengthen the competitiveness of the local logistics industry so as to maintain Hong Kong as an international and regional logistics hub.



The 26<sup>th</sup> SSTL Working Group Meeting held in Guangzhou from 18 to 19 November 2015.

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<sup>3</sup> The GACC and the respective customs administrations of EU have been operating the SSTL Pilot Project since November 2007. Riding on the WCO SAFE FoS, SSTL aims at testing and refining the Framework's principles in a realistic and operational environment. Hong Kong Customs formally joined the SSTL Pilot Project in June 2013.

## **5. Narcotics Interdiction**

### **Anti-narcotics Strategy**

One of the major responsibilities of the Hong Kong Customs is the prevention and detection of illicit drugs trafficking. The Department has adopted a comprehensive enforcement strategy, which comprises a three-pronged approach, namely drug source detection, recovery of drug/crime proceeds and control of precursor chemicals used in the illicit manufacture of drugs, and has exemplary achievement in the battle against dangerous drugs.

While stringent control at all control points is imposed to prevent the inflow of drugs and their transit through Hong Kong, the Customs Drug Investigation Bureau of the Department takes action against syndicated drug traffickers and street peddlers based on surveillance and intelligence.

Anti-drug operations have never been easy. To enhance the effectiveness of anti-drug programmes, the Department is empowered to trace, restrain and confiscate drug or crime proceeds derived from illicit activities so as to stop drug traffickers from re-investing drug proceeds to finance further drug trafficking and other criminal activities and using Hong Kong as a base for money laundering.

Being the sole agency responsible for the enforcement of the Control of Chemicals Ordinance, the Department has maintained a licensing system to monitor and control the movements of precursor chemicals. Moreover, through an international liaison network, the Department strives to inhibit the illicit diversion of such chemicals at the global level.

### **Enforcement**

Frontline Customs officers took anti-drug efforts strenuously with a combination of vigilance, intelligence and hi-tech equipment. Besides focusing on risky shipments of commercial cargoes, which provide a means for concealment of large quantities of illicit drugs, they also targeted smuggling of drugs by express parcels and mails and drug traffickers at the control points, who sneaked in drugs packed on body, stuffed inside body cavities or hidden in false compartments in baggage. The high level of professionalism has resulted in encouraging findings.

Ketamine is one of the most prevalent drugs abused by young people. The Department arrested 98 persons and seized 272.1 kg in 2015. The seizure increases 115% when compared with 2014. In 2015, 74 persons, who attempted to sneak in a total of 74.6 kg of ketamine, were arrested at the land control points. Of these 74 arrestees, 13 were teenagers aged under 21 who brought in a total of 18.3 kg of ketamine.

Analysis of the seized heroin revealed that the majority of the drugs came from the “Golden Crescent” (the area overlapping Afghanistan, Iran and Pakistan). In 2015, 10.8 kg of heroin were seized with 24 persons arrested. Most of them were seized from air passengers arriving from Africa. The seizures were mainly concealed inside baggage, body packed or swallowed, and were believed to be destined for the neighbouring areas.

In 2015, the Department seized 72 kg of cannabis with 42 persons arrested. Among the seizures, 40.8 kg were intercepted at the Hong Kong International Airport.

Methamphetamine is another popular drug among young people, with 275 kg seized and 105 persons arrested in 2015. Among the seizures, 149.4 kg were intercepted at the Hong Kong International Airport whilst en route to other countries in the Asia Pacific region.



Methamphetamine concealed in the electronic product

Cocaine which originates from South America is gaining popularity worldwide and has always been a high priority on Customs anti-drug programme. In 2015, 119 persons were arrested with 228.3 kg of cocaine seized, which is a 120% increase when compared with 2014. Amongst the seizures, 206.2 kg were intercepted with 92 persons arrested at the Hong Kong International Airport.

In 2015, the Department seized 123.5 kg of synthetic cathinones, a new psychoactive substance commonly known as “bath salt”. The drugs were seized mainly from parcels destined for overseas countries including the United States, Australia and the United Kingdom.



Synthetic cathinones concealed in the express parcels

## **Co-operation with Overseas and Mainland Authorities**

The Department has maintained close tie with law enforcement agencies in the Mainland and overseas to enhance the effectiveness of enforcement against transnational drug trafficking. In 2015, as a result of co-operation with other jurisdictions, 1 000 kg of drugs were seized and 44 persons were arrested outside Hong Kong. Of significance, in a joint investigation on a transnational drug trafficking syndicate with the Mainland, Australia and New Zealand authorities, two core members and one syndicate member were arrested in Shenzhen with a seizure of 65.4 kg of methamphetamine, while six syndicate members were arrested in Australia with a seizure of 111.5 kg of methamphetamine.

## **Cross Boundary Drug Trafficking**

To implement the recommendations of the Task Force on Youth Drug Abuse led by the Secretary for Justice, the Department has stepped up enforcement against cross-boundary drug abuse and trafficking. The Department also works closely with the Shenzhen Customs to exchange intelligence and mount regular parallel operations at boundary control points on both sides to deter cross-boundary drug abuse.

There was a slight increase in the number of persons aged below 21 arrested in connection with drug offences at the land control points. In 2015, the number of arrests was 19 while that of 2014 was 18. The Department will continue to step up enforcement action against cross-boundary drug trafficking and increase the public awareness of the severe penalties of drug offences and harmful effects of drug abuse.

## **Confiscation of drugs proceeds**

The Department took continuous efforts in tracing proceeds derived from drugs trafficking offences. In 2015, the Department confiscated HK\$1.35 million under the Mutual Legal Assistance in Criminal Matters Ordinance, which was made in connection with a joint investigation with the United States counterpart against a Columbia-based drug trafficking syndicate.

## **Control of Chemicals**

The Department maintains a licensing system under the Control of Chemicals Ordinance to regulate the trade of 27 chemicals commonly used for the illicit



manufacture of narcotic drugs and psychotropic substances.

To step up control, the Department participates in a global co-operation mechanism which monitors the movements of precursor chemicals to prevent illicit diversion. Pre-export Notifications (PENs) of controlled chemicals are issued to the importing countries or territories to confirm the legitimacy of the shipment before export approval is granted. 536 PENs were issued to 24 countries in 2015.

During the year, the Department has taken part in three international tracking programmes, namely "Project Cohesion", "Project Prism" and "Project ION" for monitoring the movements of potassium permanganate, acetic anhydride and chemicals that could be used for the illicit manufacture of amphetamine-type stimulants and preventing new psychoactive substances from reaching consumer markets. These initiatives, organized by the United Nations International Narcotics Control Board, are recognized as an effective multilateral mechanism to prevent the illicit diversion of precursor chemicals.

In the meantime, the Department has also participated in the operation "Zircon Pacific", jointly launched by the Department and the United States Drug Enforcement Administration, Hong Kong Country Office since August 2008, for tracking the movement of suspicious shipments of acetic anhydride, acetyl chloride, piperidine, potassium permanganate and phenylacetic acid via Hong Kong to high-risk countries.

International co-operation is particularly important in maintaining a global force against the illicit movements of chemical precursors. The Department has been proactively exchanging information and intelligence with overseas law enforcement agencies on suspicious shipments of precursor chemicals sourced in the region and shipped through Hong Kong to high-risk destinations.

## **6. Intellectual Property Rights (IPR) Protection**

During the year, rigorous and sustained enforcement actions were maintained against copyright infringement and trademark counterfeiting activities in Hong Kong at both the manufacturing and retailing levels.

### **Anti-piracy Enforcement**

The Department detected 118 piracy cases and arrested 159 persons in 2015. Seizure of pirated optical discs (PODs) amounted to 2.7 million. Together with other seizures in these cases, the total value of seizures was HK\$4.2 million.

### **Actions against Retail Sale of Pirated Goods**

The Department maintained rigorous enforcement actions against retail outlets selling PODs, aiming to wipe out optical discs piracy activities totally. The Intellectual Property Investigation Bureau, the formation that organized all anti-piracy operations, was determined to go after the syndicates that ran optical discs piracy businesses in Hong Kong. The rigorous enforcement actions throughout the years have achieved significant results. The number of retail outlets selling PODs has died down in recent years.

### **Actions against Manufacture, Import and Export of Pirated Goods**

Since the commencement of the Prevention of Copyright Piracy Ordinance in May 1998, all optical disc factories in Hong Kong are required to obtain a manufacturer licence and they are subject to inspection by the Department. Illicit manufacturing of optical discs is further suppressed when the Prevention of Copyright Piracy Ordinance (Amendment of Schedule 1) Order 2002 came into force on 19 July 2002, which requires manufacturers of stampers (the master disc) in Hong Kong to obtain a licence from the Department. In 2015, Customs officers conducted 55 inspections of licensed optical disc and stamper factories.

### **Actions against Internet Crime**

To cope with the increasing trend of internet crime, the Department established the "Anti-Internet-Piracy Team" (AIPT) which was further expanded in 2014 with more than

40 investigators dedicated to fight against internet crimes. Up to December 2015, the AIPT had detected 921 internet cases, arrested 1 095 persons and seized pirated articles and computer equipment worth HK\$20.37 million. The Department has been developing with the University of Hong Kong over the years different monitoring systems for online surveillance of illegal activities to cope with the rapid changes in the technology of online economy.

To cope with new enforcement challenges arising from advancement in cyber technologies, the Department set up an Electronic Crime Investigation Centre (ECIC) in February 2013. The ECIC aims to strengthen research into the latest operation of cybercrimes, formulate enforcement strategies and procedures on evidence collection for front-line enforcement officers, and conduct training courses on retrieval and preservation of digital evidence for front-line officers. It also conducts research on online investigation systems.

### **Actions against Corporate Use of Pirated Works in Business**

The Intellectual Property (Miscellaneous Amendments) Ordinance 2000 has been expanded with new provisions to enhance copyright protection. In addition to the existing provision which prohibits the bringing of video-recording equipment into cinemas and places of public entertainment to prevent bootlegging, new provisions are made to criminalize the use of infringing copyright works, including computer software, movies, TV dramas or music and sound recordings, in business. Since the provisions became effective in 2001, the Department has detected a total of 351 cases of corporate use of pirated works, arrested 708 persons and seized items worth HK\$19.29 million.

### **Actions against Circumvention Devices or Services**

The Copyright (Amendment) Ordinance 2007 has increased the criminal and civil liability for the circumvention of “technological measures to protect copyright works”. Any person who engages in the commercial dealing of circumvention devices or provides circumvention services for commercial purposes shall be subject to criminal sanction. The Department has so far detected a total of 101 circumvention cases and arrested 141 persons.

## **Actions against Counterfeit Goods**

The Department has maintained a high enforcement pressure against the sale of counterfeit goods during the year and the sustained actions have placed trademark counterfeiting in Hong Kong firmly under control, with no sign of major counterfeit goods manufacturing activities emerging.

In 2015, the Department detected 945 forged trademark cases under the Trade Descriptions Ordinance. A total of 787 persons were arrested. With a value of HK\$104 million, the seized goods were mainly electrical and electronic products, clothing, pharmaceutical products and leather goods, accounting for about 80% in terms of seizure values.

## **Actions against Wine Counterfeiting**

To promote Hong Kong's wine trading and distribution businesses, the Government reduced the duty rate of wine to zero and lifted the related administrative controls in June 2008. Since then, wine imports into Hong Kong have increased significantly.

In combating wine counterfeits, the Department maintained a close partnership with the wine industries and enforcement agencies of major wine producing countries. Besides, a dedicated anti-wine counterfeit team was set up in August 2008 to carry out investigations and enforcement actions against cases of counterfeit wine.

## **Actions against Medicines Counterfeiting**

With a view to enhancing the deterrent effects on the export of counterfeit medicines through postal channel, the Department is working closely with overseas enforcement agencies to backtrack the source of supply of the seized counterfeit medicines for follow-up investigation. The Department also cooperates with the Consumer Council to publish the names of the dispensaries convicted of selling counterfeit medicines. The first list of dispensaries was released in the February issue of the CHOICE magazine in 2011, which named dispensaries convicted for selling counterfeit medicines in 2010. The Consumer Council continued to update the list of dispensaries. Up to December 2015, a total of 87 dispensaries have been listed.

## **Restraint and Confiscation of Crime Proceeds of IPR Infringing Syndicates**

The Department actively applies the Organized and Serious Crimes Ordinance (OSCO) in the investigations of IPR infringements in the fight against the organized syndicates engaged in piracy and counterfeiting activities. Since the first application of OSCO to a piracy case in 2004, the Department has applied this tool to a total of 11 IPR cases (eight copyright cases and three counterfeit cases), with some HK\$130 million worth of crime proceeds/assets restrained. This enforcement approach has effectively clamped down on syndicates engaged in copyright piracy and trademark counterfeiting activities.

## **Strategic Partnership**

The Department has been working proactively to seek greater co-operation from the IPR industry to enhance the fight against piracy and trademark counterfeiting. The industry is now providing all sorts of support to the Department, including the provision of leads on IPR infringement activities, examination of seized goods to authenticate IPR, provision of testimony in court and training for Customs officers to enhance the skill on fake product identification. The Department has also been actively maintaining close liaison with the industry, local and overseas law enforcement agencies, academics, etc. to review the effectiveness of Customs enforcement, to re-examine IPR protection issues and exchange views from a multifarious perspective.

Since its establishment in early 2013, ECIC has been deploying resources to conduct insightful research on potential electronic crimes and seeking opportunities to organize training programmes and sharing sessions with overseas law enforcement agencies, business counterparts as well as academic institutes. In September 2015, a training workshop was offered to law enforcement agencies from the Philippines and Pakistan on a strategic approach on cyber investigation related to IPR crimes. This showcases a close strategic partnership between the Hong Kong Customs and overseas law enforcement agencies.

In addition to organizing seminars, ECIC has been collaborating with academics to develop automatic monitoring systems to help officers extend their scope of enforcement as well as enhance work efficiency. In response to the increasing trend of selling infringing goods on social media platforms, the Department launched the SocNet Monitoring System in July 2015 to automatically screen the enormous amount

of data on social media platforms and assist Customs officers in conducting in-depth investigations on high-risk cases.

In 2015, the Department achieved good progress in its partnership with the IPR sector and collaboration was sustained in the following areas:

- The Intellectual Property Rights Protection Alliance (IPRPA) established by the Department and the industry since March 2004 provides a platform for both parties to enhance strategic partnership and strengthen intelligence exchange. At present, 94 organizations of the IPR sector have joined IPRPA. A working committee was established and tasked to organize IPR protection-related activities, including the launching of publicity and educational campaigns to raise social awareness of IPR protection. Also, the Department joined hands with the Mainland/overseas IPR enforcement agencies to organize a series of special seminars for IPRPA members. Specialists and professionals from different countries and jurisdictions were invited to share their knowledge and experience on IPR protection with IPRPA members.
- To counter the sale of infringing articles on the Internet, the “E-auctioning with Integrity Scheme” was jointly launched with the participation of a number of local auction site operators and IPR owners in November 2005 to promote the integrity of online trading. When IPR owners have sufficient reasons to suspect that goods put up for sale at auction were infringing goods, they will notify the auction site operators concerned to remove the listings of suspicious items.
- The “Fast Action Scheme” launched jointly with the Hong Kong Brands Protection Alliance in July 2006 remains an important measure to effectively protect the interest of IP owners participating in major exhibitions and trade fairs staged in Hong Kong. Under the scheme, the Department will take prompt enforcement action when reports on IPR infringement activities from the exhibitors are received. Publicity leaflets are distributed to exhibitors at the opening of exhibitions to publicize the penalties for IPR infringement offences and to encourage participants to report IPR infringement acts. Since the implementation of the scheme, the Department has activated the “Fast Action Scheme” at 84 major exhibitions and trade fairs, leading to the detection of 175 infringement cases and the arrest of 208 persons.

- Supporting Hong Kong's development into a regional wine trading and distribution centre, the Customs-Wine Industry Alliance was formed with 18 organizations of the local wine industry in October 2008. It provides a platform to further collaboration with the industry in order to gear up for the combat against offences involving counterfeit wine and false information on the place of origin. Hong Kong Customs has been establishing contacts with overseas law enforcement agencies and wine regulatory bodies to obtain information and source expertise in regard to the latest technologies applied to the identification of counterfeit wines.

## **Reward Schemes**

The IPR industry and the Department are joining forces to step up intelligence collection to reinforce actions against IPR infringement offences. The industry is now sponsoring reward schemes which pay cash rewards to informers who provide Customs with information that leads to the seizure of infringing goods. The five existing reward schemes are:

- Anti-piracy (except retail level) Reward Scheme - sponsored by the copyright industry.
- Reward Scheme to Combat Illegal Use of Software in Business – sponsored by BSA | The Software Alliance.
- Reward Scheme to Combat Counterfeit and Trademark Infringed Pharmaceutical Products – sponsored by the Hong Kong Association of the Pharmaceutical Industry.
- Reward Scheme to Combat Illegal Photocopying of Books and Periodicals – sponsored by the Hong Kong Reprographic Rights Licensing Society.
- Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines sponsored by the Hong Kong Copyright Licensing Association.

In 2015, four cases were effected upon receiving information by the informers recruited under these reward schemes, which highlighted the co-operation and commitment of the IPR industry to support the Department in the fight against infringement activities.

## **Publicity Programmes for IPR Protection**

Suppressing IPR infringing activities cannot be done by enforcement alone. Illicit trade continues as long as demand for pirated and counterfeit goods exists. Promotion of civic education to raise public awareness of and respect for IPR protection is equally important. In 2015, the Department launched several publicity

campaigns to promote IPR protection.

In collaboration with 13 local youth uniformed groups (YUGs) and the IPR sector, the Department ran the “Youth Ambassador Against Internet Piracy Scheme” (YAS) since its first launch in 2006. Over 250 000 members of the YUGs joined the scheme to promote a sense of respect for copyright works among young people.

During the year, the Department, in collaboration with the Intellectual Property Department, organized the following activities for the youngsters to raise their awareness of the importance of respect for and protection of IPR:

- Exchange Visit Between Secondary School Students of Hong Kong and Guangdong Province in February and April 2015;



Visit of Mainland officials and students to Hong Kong Customs in February



Hong Kong youngsters visited Guangzhou City in April.



- Youth Ambassadors Songs and Lyrics Creation Workshop in April 2015;



Notable professionals delivered lectures to the Youth Ambassadors.

- “Hong Kong Heart” File Show in May 2015;



50 Youth Ambassadors, members of IPRPA and “I-pledge” members participated in this event.

- 2015 I-Pledge · YAS Singing Contest in August 2015;



The singing contest was held at the Charles K. Kao Auditorium of Hong Kong Science and Technology Parks with over 200 participants.

- YAS 4-panel Comics Workshop held in August 2015;



Well-known artists of the comics industry delivered lectures to Youth Ambassadors.

- Youth Ambassadors 4-panel Comics Contest held in November 2015; and



The winning photos of the Youth Ambassadors 4-panel Comics Contest

- “I Pledge • YAS Ambassador of the Year 2015 Award Presentation Ceremony” in December 2015.



10<sup>th</sup> Anniversary of “I Pledge • YAS Ambassador of the Year 2015 Award Presentation Ceremony”

## 7. Consumer Protection

The Department protects consumer interests through enforcement of the Toys and Children's Products Safety Ordinance, the Consumer Goods Safety Ordinance, the Weights and Measures Ordinance, and the Trade Descriptions Ordinance.

### Weights and Measures Ordinance

To weed out dishonest sale of short-weighted items, the Department conducted 1 878 spot checks and 612 investigations in 2015 to detect and deter the use of inaccurate weighing and measuring equipment in trade and the supply of goods which were short of the purported weights. Retail sales which involved comparatively more complaints concerning short weight continued to be the targets of the Department's enforcement actions. In 2015, prosecution was taken in 42 cases and warning letters were issued in 54 cases involving contravention of the Weights and Measures Ordinance.



Customs officer checked the accuracy of a spring scale with a standard calibrated mass.



Customs officer checked the accuracy of a diesel dispenser by pumping out a pre-determined volume of fuel into a fuel-testing container.



A defective electronic platform scale showing a reading of "9 kg" when checked with a standard mass of 10 kg.

## **Toys and Children's Products Safety Ordinance and Consumer Goods Safety Ordinance**

The Department conducts spot checks and investigations to ensure toys, children's products and consumer goods supplied in the market are reasonably safe and affixed with bilingual warning labels. In 2015, 2 968 spot checks and 356 investigations were conducted and 17 prosecution cases were concluded. Besides, the Department issued 38 Prohibition Notices prohibiting the supply of unsafe products, ranging from hot water bag, facial cream, swivel armchair, children's wear with drawstrings, folding chair, laser pointer, skin whitening cream, hair dye, Chinese checkers & chess and bumper standard rainbow mat.

### **Education-oriented seminars**

To promote traders' awareness of product safety and their obligations in complying with the related Ordinances, the Department conducted education-oriented seminars for department stores, chain shops, trade and industry associations and small and medium enterprises in the past years. Furthermore, the Department continues to work closely with the Consumer Council with a view to promoting public awareness of product safety and fair trading.

Educational seminars have also been organized for parents and teachers of nurseries and kindergartens to introduce to them the safety legislation, alert them of the potential risks of unsafe products and provide safety tips to help them choose suitable products for their children.

### **Trade Descriptions Ordinance**

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (the Amendment Ordinance) came into operation on 19 July 2013.

To provide reference for traders and consumers, the Department and the Office of Communications Authority as enforcement agencies had jointly issued a set of Enforcement Guidelines comprising the Compliance and Enforcement Policy Statement and General Guidelines. The Enforcement Guidelines state the manner in which the two enforcement agencies exercise their powers under the fair trading sections of the Trade Descriptions Ordinance (TDO) as amended by the Amendment Ordinance and provide guidance on the operation of the Government departments.

To protect consumer interests and honest traders, the Department had taken stringent enforcement in combating unscrupulous traders employing unfair practices. In order to maximize the enforcement effectiveness, the Department adopted a risk-based approach and set investigation priorities with regard to various factors including identified risks and intelligence, new and emerging trends as well as public concern. The Department also paid particular attention to repeated offenders and contraventions which significantly undermine consumer interests.

## **Enforcement**

In 2015, the Department received 6 088 (4 154 on goods and 1 934 on services) unfair trade practices-related complaints, most of which involved furniture, foodstuff, medicine, regulated electronic products and beauty services. The number of investigations completed were 1 083, 112 of which led to prosecution and 21 concluded with administration action.

Significant cases in different commercial sectors were detected, including misleading pricing of goods at ginseng and dried seafood shops, sales of passing-off items at medicine shops, aggressive commercial practice at beauty parlors and fitness centres, false trade descriptions of service provided by travel agents and wedding service companies, wrongly accepting payment of fees by educational centres, etc. In 106 prosecution cases, 73 persons and 53 companies were convicted of unfair trade practices offences, with punishment including fines between \$1,000 and \$67,800; imprisonment between 10 days and 6 months; Community Service Order for 120 hours to 240 hours. In a few cases, the court ordered the convicted persons to pay the victims to compensate for their financial loss resulting from the offences. With the consent of the Secretary for Justice, the Department accepted four written undertakings from a plumber, an online shop for computer products, an educational centre and a retailer for health products. Seizures in five cases were ordered to be forfeited by court and four warning letters and 63 advisory letters were respectively issued to remind the concerned traders about their obligations to comply with the fair trading sections under TDO.



Seizure items of a misleading pricing case



False beauty device used in a false trade descriptions case

In 2015, the Department carried out 4 128 spot checks against retail shops, including those frequented by overseas and Mainland visitors. During long holidays such as National Day Golden Week and Lunar New Year, Customs officers conducted high-profile patrols in popular tourist shopping areas to deter unfair trade practices and promote smart shopping tips to tourists. Meanwhile, Customs officers patrolled various trade fairs and exhibitions to deter dishonest sales and to ensure traders' compliance with the laws.



Officers distributing pamphlets to tourists



Officers conducting spot check at a pharmacy to enforce TDO

The Department has a mechanism of Quick Response Teams to handle urgent complaints lodged by short-haul visitors or local consumers. During the year, Quick Response Teams were summoned on 108 occasions to handle urgent complaints with two cases of misleading pricing of goods established.

## Publicity and Education

To publicize the amended legislation, Announcement of Public Interests has been broadcast on TV and radio since May 2013. At the same time, to help traders understand the fair trading sections of TDO and the consequences of non-compliance, 142 seminars/briefing sessions were delivered to retailers, exhibitors, non-government organizations/associations, elderly centres and the public. Besides, pamphlets were distributed to the public, retail shops, exhibitors and tourists so as to draw their heed to the Amendment Ordinance.

To raise public awareness of consumer rights and to remind retailers of their legal obligations, the Department launched publicity campaigns by distributing pamphlets with the salient points of TDO to local consumers and visitors at tourists areas, shops registered with the Travel Industry Council of Hong Kong as well as the passenger arrival halls of various control points. The Department also conducted joint operations with the Hong Kong Police Force, the Department of Health, the Food and Environmental Hygiene Department and exchanged information on unfair trade practices with the Consumer Council, the Travel Industry Council of Hong Kong, the Hong Kong Tourism Board, the Hong Kong Trade Development Council and other stakeholders to better protect consumers.



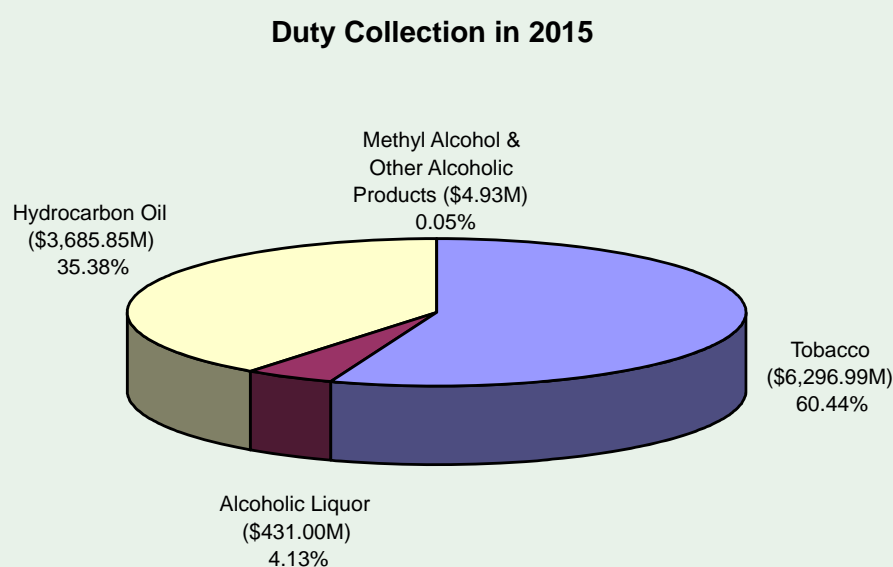
Officers delivering an education-oriented seminar to traders



## 8. Revenue Collection and Protection

### Revenue

In 2015, excise duties collected amounted to HK\$10,418.77 million, including 60.44% from tobacco, 35.38% from hydrocarbon oil, 4.13% from alcoholic liquor and 0.05% from methyl alcohol and other alcoholic products. The revenue collected in 2015 increased by 6.87% compared to 2014. The percentage distribution of duty collection by commodities is shown in the diagram.



### Open Bond System

All dutiable commodities bonded warehouses in Hong Kong are currently licensed under the Open Bond System (OBS), which was introduced on 1 April 2003 to facilitate legitimate business activities. Operating cost of the trade has been much lowered because of the facilitation. Under OBS, Customs controls are exercised through post-transaction auditing, compliance checks and surprise checks on the loading and unloading of dutiable goods. The number of bonded warehouses increased steadily over the years under OBS, from 38 in April 2003 to 84 in December 2015.



Compliance check at a bonded warehouse



Surprise check on devanning of dutiable goods

## Vehicle Valuation

Ever since the Motor Vehicles (First Registration Tax) Ordinance was amended to change the taxable value of vehicles as the amount to be calculated on the basis of retail price in 1994, Customs undertook the duty of vehicle valuation by maintaining a registration scheme for motor vehicle traders and a value assessment system for motor vehicles. Application for vehicle valuation and filing of Import Return can be done by electronic submission via the First Registration Tax (FRT) System. Over the years, the number of vehicles imported into Hong Kong for use on the road has been on steady increase. With strengthened capability for value assessment and on-site inspection, progress had been made in tackling evasion of FRT. In 2015, the number of vehicles first registered by the Transport Department was 75 509 and the amount of FRT collected was HK\$9.81 billion with an increase of 2.4% against last year.

In 2015, there were a total of 55 importers/distributors prosecuted for contravening the Motors Vehicles (First Registration Tax) Ordinance, including sole distributors and parallel-importers with 171 vehicles involved. Compared with 2014 where 55 importers/distributors were prosecuted with 178 vehicles involved, the situation of violation continued to be held down relatively but selling vehicles at a price higher than the approved price remains the Department's concern. The Department will keep on enhancing market research and analysis to protect consumers' rights and combat tax evasion activities.

## Illicit Fuel

Illicit fuel activities continued to reduce in magnitude. There had been fading trends of smuggling duty-not-paid light diesel oil from the Mainland for sale in the black market and illegal use of marked/detreated oil as vehicular fuel, following the reduction of the duty rate of Euro V diesel to zero since 14 July 2008. While the price difference still provided the necessary impetus for smuggling cheaper motor spirit from the Mainland to Hong Kong for sale, the appreciation of Renminbi over the past years led to shrinking profit margins, and hence a lesser incentive for such activities. Only small-scale “ants-moving-home” smuggling activities by cross-boundary vehicles remained while the illicit fueling stations just operated in a sporadic manner in remote areas of the New Territories. With the persistent enforcement actions of the Department, the illicit fuel activities were effectively contained. In 2015, 29 cases were detected with 9 200 litres of illicit fuel (excluding export cases) seized, representing a decrease of 37% in cases and a drop of 46% in seizures over 2014.

## Illicit Cigarettes

The Department effected 10 278 illicit cigarette cases with the seizures of 72 million cigarettes and the arrests of 10 287 persons in 2015. The total value of the seized illicit cigarettes was HK\$192 million and the duty potential was HK\$137 million. As compared with the preceding year, both the number of cases and arrests decreased by 11%. Among the seizures, about 52 million sticks were related to local illicit cigarette activities, representing a mild increase of about 0.4% as compared with 2014, as a result of the strategy of stepping up enforcement at source.



An Illicit cigarette storage centre was smashed.

Telephone ordering has taken over street peddling to become the predominant distribution channel of illicit cigarettes. To suppress such activities, two dedicated task units were formed in 2012 and 2013 to collect and analyze intelligence and mount special operations. The outcome achieved was impressive, with 452 cases involving 1.37 million illicit cigarettes seized and 465 persons arrested in 2015.



Delivery vehicle for telephone ordering of illicit cigarettes

## **9. Trade Controls**

### **Upholding Hong Kong's Trading Integrity**

Given the importance of trade and industry to the economy of Hong Kong, the Department enforces various trade controls systems including the Certification of Origin System, the Strategic Trade Control System, the Import and Export Declaration System and the Kimberley Process Certification Scheme to discharge its international obligations and comply with multilateral trade agreements. Through enforcement actions, the Department also protects the legitimate interests of traders and manufacturers. In addition, the Department mediates disputes between overseas traders and local suppliers to safeguard Hong Kong's trading reputation.

### **Certification of Origin System**

Hong Kong maintains a comprehensive Certification of Origin System to establish the origin of goods produced in Hong Kong. To uphold the credibility and integrity of the System, the Department conducts pre-registration inspections on factories applying for Certificate of Origin (CO) to authenticate their production capacities. Also, periodic inspections were carried out on the factories to ensure their continuous compliance with registration conditions, and consignment checks on goods covered by CO applications. In this connection, the Department conducted 541 factory inspections and consignment checks in 2015.

### **Strategic Trade Control System**

To maintain a free flow of high-tech commodities for legitimate commercial use and academic research while at the same time to prevent Hong Kong from being used as a conduit for the proliferation of controlled strategic goods, the Department, in collaboration with the Trade and Industry Department, vigorously enforce the Strategic Trade Control System to monitor the flow of strategic commodities and to detect services engaged in the development and production of weapons of mass destruction.

The Chemical Weapons (Convention) Ordinance, which aims to fully implement the Chemical Weapons Convention in Hong Kong, underlines Hong Kong's commitment to internationally agreed arrangements on the ban of chemical weapons and on the monitoring of activities involving sensitive chemicals. Through enforcement of the

Ordinance, the Department helps ensure Hong Kong's continued access to a full range of chemicals needed for local industrial, medical, research and trading purposes.

In combating illegal diversion of strategic commodities, the Department carries out licence checks to verify the authenticity of information given in import and export licence applications and carry out checks on the disposal of the consignment after importation (disposal checks) to ensure that articles imported are used as declared. In 2015, the Department conducted 1 205 import licence checks, 1 885 export licence checks and 1 243 disposal checks, investigated 168 cases, and prosecuted 67 persons / companies leading to a total fine of HK\$3.58 million and the forfeiture of offending goods in value of HK\$0.96 million. In these cases, the value of goods involved was HK\$51.5 million.

During 2015, the Department mounted two rounds of operations against the unlicensed shipments of dual-use controlled integrated circuits. 17 cases were effected from these two rounds of operations in which a total of 34 125 pieces of integrated circuits in value of HK\$1.8 million were intercepted.



2 000 pieces of integrated circuits intercepted in an outbound lorry at Lok Ma Chau Control Point during an operation mounted in January 2015.

## **Import and Export Declarations and Cargo Manifests**

The Department administers the Import and Export Declaration and Cargo Manifests System. Under the Import and Export (Registration) Regulations (Cap. 60E), cargo carriers are required to lodge with the Commissioner of Customs and Excise cargo manifests within 14 days after the arrival or departure of the cargoes imported into or exported out of Hong Kong. Moreover, any person who imports or exports/re-exports an article other than an exempted article is required by law to lodge an import or export/re-export declaration within 14 days after importation or exportation of the article and to pay a declaration charge. For exports of Hong Kong manufactured clothing items (including footwear) specified in the Schedule to the Industrial Training (Clothing Industry) Ordinance, an additional clothing industry training levy has to be paid. The Department conducts checks to ensure that accurate, full and completed cargo manifests, and import and export/re-export declarations are submitted within the statutory time frame. Late lodgment of cargo manifests/declarations or lodgment of inaccurate cargo manifests/declarations is liable to prosecution and penalties.

The Department received 19.4 million declarations and collected HK\$962 million import and export declaration charges / clothing industry training levies / late penalties in 2015. Short-paid declaration charges / clothing industry training levies recovered and late/administrative penalties imposed amounted to HK\$12.5 million. The Department also received around 7.9 million cargo manifests in respect of air, ocean, rail and road modes of transport.

## **Educational Seminars**

In order to reduce the number of late and non-lodgment cases, since August 2008 the Department has organized regular educational seminars to remind traders and carriers/forwarders of their obligation and to improve their knowledge in lodging timely and accurate trade declarations and cargo manifests. The Department organized eight educational seminars for 133 traders and carriers/forwarders in 2015. Furthermore, the Department will continue to work closely with the Census and Statistics Department with a view to promoting the awareness of timely lodgment of cargo manifests and import/export declarations.



Officer delivering an educational seminar to traders and carriers/forwarders

## **Assistance to Overseas Customs Administrations on Valuation Fraud Cases**

Being a member of the World Customs Organization, the Department offers assistance to other customs administrations upon their requests for investigation of customs duty related frauds. In 2015, the Department received 12 requests, most of them involving under-valuation of goods.

## **Closer Economic Partnership Arrangement (CEPA) - Trade in Goods**

Since the implementation of CEPA on 1 January 2004, 1 818 items of Hong Kong products currently enjoy zero tariff treatment upon importation into the Mainland if they are covered by a Certificate of Hong Kong Origin (CEPA) (CO(CEPA)). In 2015, a total of 14 090 applications for CO(CEPA) were received. Of these applications, 13 833 CO(CEPA)s at a total value of HK\$7.9 billion were issued. These applications covered a wide range of products, top five of which in terms of value were pharmaceutical products, plastics and plastic articles, food and beverage, furskin articles and chemical products.

Charged with the enforcement duties of the CEPA Certification System, the Department conducted consignment checks against 1 400 applications for CO(CEPA) and examined 39 CEPA consignments at various cargo exit points in 2015.



## **Kimberley Process Certification Scheme**

The Kimberley Process (KP) Certification Scheme for rough diamonds has been developed by the KP, an international negotiating forum that seeks to stop the trade in "conflict diamonds" from fuelling armed conflicts, activities of rebel movements and illicit proliferation of armament. Some 80 economies including the People's Republic of China (PRC) have participated in the Certification Scheme. Hong Kong joined the Scheme as a designated importing and exporting authority of PRC in order to safeguard Hong Kong's interest as a trading hub of diamonds in this region. The Certification Scheme, which requires registration of rough diamond traders and comprises a certification system for the import and export of rough diamonds, has been implemented in Hong Kong since 2 January 2003. The Department conducted a total of 430 consignment inspections and eight investigations on rough diamonds during the year.



Officer conducting testing on rough diamonds with a diamond tester

## **Reserved Commodities Control**

Through the enforcement of the Reserved Commodities Ordinance, the Department monitors the import and export of rice and ensures a stable supply of the commodity in Hong Kong. The Department conducted 4 579 inspections, investigated 21 cases, prosecuted 24 persons / companies, resulting in a fine of HK\$0.12 million and 162 days of imprisonment with suspended sentence in 2015. In these cases, the value of the rice and mixed grains involved was HK\$1.06 million.

## **Mainland Cereals and Grain Flours Control**

To complement the measures imposed by the Mainland Customs to regulate on a quota basis the export of cereals and grain flours, including wheat flour, rice flour and rice which are export duty exempted, the Trade and Industry Department implemented a registration arrangement for local importers of cereals and grain flours from the Mainland in early 2008. To support the arrangement and to ensure the cereals and grain flours imported from the Mainland were solely for local consumption, in 2015 the Department conducted 168 inspections/verifications and six investigations. The value of the goods involved in the investigation cases amounted to HK\$1.68 million.

## **Trade Mediation**

To protect Hong Kong's trading reputation, the Department provides free mediation service to settle cases of trade dispute lodged by overseas trading firms against local companies. In 2015, the Department mediated in 51 cases and eight of them were successfully settled.

## **Anti-money Laundering and Counter-financing of Terrorism**

To better align Hong Kong's anti-money laundering and counter-financing of terrorism regime with the prevailing international standards, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) came into operation on 1 April 2012. Under AMLO, the Commissioner of Customs and Excise is the relevant authority of the money service operators (MSOs), i.e., remittance agents and money changers, and the Postmaster General (PMG). In addition to administering the statutory licensing regime, the Department supervises the licensed MSOs and the PMG through ongoing supervision of their compliance with customer due diligence and record-keeping requirements. Any non-compliance with the statutory requirements may be liable to criminal and/or civil sanctions. The Department also spares no effort in detecting and investigating unlicensed MSOs and other licence-related offences.

As at 31 December 2015, there were 1 226 licensees on the Register of MSOs with 702 licences renewed since the commencement of the renewal exercise in February 2014. By way of a risk-based approach, 279 licensed MSOs had been selected for compliance inspection, with six of them found having failed to comply with the statutory requirements. Among these six non-compliance cases, four of them were concluded. Two of them were prosecuted with one being fined for HK\$0.1 million while the other ordered a 200-hour Community Service Order by the court. As regards the remaining two cases, both were ended up with written warnings served. In addition, disciplinary action by way of public reprimand was taken against a licensed MSO in one of the latter two non-compliance cases. The Department prosecuted 11 cases of unlicensed operation of money service, leading to a total fine of HK\$0.2 million.

The Department will continue to organize seminars, small group meetings and training courses to enhance the MSOs' awareness of and compliance with the statutory responsibilities.



Officers of the Money Service Supervision Bureau conducted a seminar about the legal obligation and statutory requirements as an MSO under AMLO.

## **10. Customs Co-operation**

### **World Customs Organization (WCO)**

In 2015, the Department continued its active participation in the WCO fora, including the Council Sessions and meetings organized by the WCO working bodies including the following:

- Permanent Technical Committee
- Enforcement Committee
- Secure and Facilitate Global Trade (SAFE) Working Group
- Technical Experts Group on Air Cargo Security
- Integrity Sub-Committee
- Information Management Sub-Committee
- Capacity Building Committee
- Working Group on Revenue Compliance and Fraud
- Counterfeiting and Piracy Group

The Department rendered full support to WCO's activities, and took part in the seminars and workshops relating to the promotion of customs capacity building, customs integrity, trade facilitation, anti-piracy, environmental issue and global supply chain security. For enforcement activities, the Department actively participated in various operations coordinated by the WCO.

To extend our staunch support to the WCO, the Department has deployed an officer to the WCO Compliance and Facilitation Directorate to work as Technical Attaché since September 2012.

The Department and the Vice-Chair for the WCO Asia/Pacific (A/P) Region (i.e. the Royal Malaysian Customs Department) co-hosted the 1<sup>st</sup> Meeting of Regional Anti-drug Expert Group (RAEG) in March 2015 in Hong Kong. The RAEG, comprising high-level drug and law enforcement experts from Customs members of the A/P region, was established to combat the rampant drug trafficking situation in a holistic and sustainable approach under the Project Customs Anti-drug Strategy (CADS). In July 2015, a regional operation against narcotics trafficking was launched as set out in the Annual Plan which had been endorsed at the Meeting.



A delegate delivered a presentation at the 1st Meeting of Regional Anti-drug Expert Group under Project CADS in March 2015.

## **WCO Regional Intelligence Liaison Office for Asia and the Pacific (RILO A/P)**

In 2015, the Department continued to provide strenuous support to RILO A/P by seconding an officer to work as Intelligence Analyst. The Department and RILO A/P have been the coordinator of the Focus Area “Compliance and Enforcement” of the WCO A/P Regional Strategic Plan (RSP) 2014-16 and will take up the same role for RSP 2016-18. Under the coordination of RILO A/P, the Department exchanged intelligence with customs counterparts for investigation into suspected cases of customs crimes.

The Department has also taken part in major projects of RILO A/P, namely “Project Crocodile”, “Project Sky-Hole-Patching”, “Project CATalyst” as well as “Drugs Seizures Immediate Notification System” respectively against cigarette smuggling, environmental waste smuggling, new psychoactive substances and dangerous drugs trafficking by air and sea transport. In 2015, the Department kept on supporting international co-operation and taking a proactive role in regional enforcement initiatives such as Project CADS against the rampant drug trafficking situation and “Operation Sesha” which aimed at combating illegal cross-border trade in endangered timber.

## **WCO Asia Pacific Regional Office for Capacity Building (ROCB A/P)**

The Department has been working closely with ROCB A/P and supportive to their initiatives. The Department has deployed an officer to ROCB A/P in Bangkok as Technical Attaché since 2011. In addition, an officer has been accredited as WCO Technical Operational Adviser on Intellectual Property Rights (IPR) to provide training on behalf of the WCO at the international level. Up to now, a total of three officers have been accredited by the WCO in the areas of diagnostic study and IPR.

In the capacity building domain, the Customs and Excise Training School has been accredited as one of the seven WCO Regional Training Centers in the A/P region since 2004. In 2015, the Department in collaboration with ROCB A/P organized two regional training workshops respectively on Intelligence Management and Customs Operational Practices for Enforcement and Seizures.

## **Asia Pacific Economic Co-operation (APEC)**

In 2015, the Department participated actively in various APEC meetings and events in the Philippines.

In August 2015, delegate of the Department delivered a presentation on the topic of Leveraging E-Commerce towards Growth of Micro, Small & Medium Enterprises Trade in the APEC Customs-Business Dialogue held in Cebu, the Philippines. The delegate shared with other customs and business representatives on how customs responded to the evolving trading environment and emphasized the importance of customs-business partnership, effective enforcement measures and the best practices of logistics industry in nourishing the healthy growth of e-commerce.



Delegates at the 2015 2<sup>nd</sup> APEC Sub-Committee on Customs Procedures Meeting

At the 1<sup>st</sup> and 2<sup>nd</sup> APEC Sub-Committee on Customs Procedures Meetings held respectively in January and August 2015, the Department shared with member economies the efforts on customs control over cross-border e-commerce and the outcomes of the APEC IPR Border Enforcement Workshop held in the preceding year in Hong Kong. In the meetings, member economies also exchanged views and experiences on the development of national and regional Single Window Systems, AEO Programmes, implementation of Passenger Name Record and combating illegal trafficking of wildlife.

## Co-operation with other Customs Administrations

### Overseas Customs Administrations

- **The 32<sup>nd</sup> Customs Co-operation Conference with Korea Customs Service**

On 2 March 2015, the Commissioner of Customs and Excise led a five-member delegation to attend the 32<sup>nd</sup> Customs Co-operation Conference between Korea Customs Service and Hong Kong Customs in Busan, Korea. At the conference, both administrations updated each other with their latest development in areas of trade facilitation, IPR enforcement, Single Window Systems; and agreed to continue the timely exchange of intelligence to combat transnational customs offence as well as to organize the Korea-Hong Kong Expert Exchange Programme for sharing experience and knowledge on various fronts.



Commissioner of Customs and Excise, Mr Clement Cheung (second left), and Commissioner of Korea Customs Service, Mr KIM Nak-Hoe (second right), signed the agreed minutes at the 32<sup>nd</sup> Customs Co-operation Conference between the Korea Customs Service and Hong Kong Customs in Busan, Korea.

- **Hong Kong Customs signs Customs Co-operative Arrangement (CCA) with the Malagasy Customs**

The Department concluded a CCA with the Customs of the Republic of Madagascar during the margins of the World Customs Organization's 125<sup>th</sup> /126<sup>th</sup> Council Sessions on 11 June 2015 in Brussels, Belgium.

The signing of the CCA marked the common wish of both administrations to strengthen all forms of co-operation through mutual administrative assistance including the exchange of information and enforcement of customs laws for the fight against illegal smuggling of timber, endangered species and other transnational customs crimes.

For the mutual benefits of both sides, in addition to law enforcement fronts, the administrative assistance under the CCA also covered information sharing for the proper application of customs laws such as the trade facilitation procedures, import and export control, advance technologies implementation, capacity building and formalities streamlining, etc., which aims at contributing to an efficient trade facilitating environment to expedite the flow of all legitimate trade between the two sides.



Commissioner of Customs and Excise, Mr Clement Cheung (right), and the Director-General of the Malagasy Customs, Mr Eric Narivony Rabenja exchanged the signed CCA.



## Mainland and Macao Customs

- **High-level International Customs Forum hosted by the General Administration of Customs of the People's Republic of China (GACC) in Xi'an**

Between 27 and 28 May 2015, the Commissioner of Customs and Excise led a 5-member delegation to attend a high-level international customs forum on the "Belt and Road" initiative (the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road") in Xi'an. The forum was hosted by the GACC and aimed to strengthen connectivity and promote trade facilitation and regional economic development of countries or areas located along the "Belt and Road". More than 300 customs officials and representatives from 64 countries and eight international and regional organizations attended the forum and explored opportunities for future collaboration. During the forum, the Commissioner of Customs and Excise gave a presentation on "One Belt, One Road - Implications for Integration" to illustrate the geographical advantages of Hong Kong under the "Belt and Road" initiative.



Minister of the GACC, Mr Yu Guangzhou (front row, centre) and principal participants in the forum.

- **The 2014-15 Review Meeting with the Guangdong Sub-Administration of GACC (GSAC) in Guangzhou**

Between 1 and 2 December 2015, the Commissioner of Customs and Excise led an eight-member delegation to attend the 2014-15 Review Meeting with the GSAC in Guangzhou. The meeting reviewed the co-operation between the two

administrations on trade facilitation, anti-smuggling, anti-narcotics, IPR protection and staff training over the past two years. The two customs administrations also recognized the remarkable achievements that have resulted from close co-operation on various fronts. During the meeting, the two sides had mapped out and endorsed the Co-operation Plan for the coming two years.



Commissioner of Customs and Excise, Mr Roy Tang (fifth left) and the Vice Minister of the GACC cum Director General of the GSAC, Mr Lu Bin (sixth left) pictured with both delegations in Guangzhou on 1 December 2015.

## 11. Information Technology

Since the early 1980s, the Department has been adopting information technology (IT) in different areas to enhance operational efficiency and service quality.



Data Centre staff conducting system maintenance checking on computer servers in Customs Headquarters Building

### Electronic Systems in Trade Facilitation

The Department is committed to promoting e-business via development of platforms to facilitate electronic submission of selected trade documents. In this regard, the Road Cargo System and the Money Service Operators Licensing System were fully launched in 2011 and 2012 respectively to facilitate traders' compliance with the legal requirements.

The first mobile application of the Department, namely, "Hong Kong Car Tax", was successfully launched on 30 May 2014. The mobile application is one of the enhanced features of the Motor Vehicles First Registration Tax (FRT) System. Among other things, it provides both traders and purchasers with basic information of published retail price (PRP), calculation of FRT and online function for checking the approved PRPs.

The Finance Committee of the Legislative Council approved the funding application of HK\$33 million in July 2014 to implement a Dutiable Commodities System (DCS) by replacing the existing obsolete computer system and to provide better functions in relation to dutiable commodities administration. As a trade facilitation measure, DCS will extend the current electronic mode of operations for permit applications to licensing applications. The system is scheduled for implementation in November 2016.

## **Computer Facilities for New Control Points and Customs Facilities**

Computer facilities and IT equipment will be provided to support future Customs operations at Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge, Liantang/Heung Yuen Wai Boundary Control Point, Midfield Concourse, Ocean Terminal, Tuen Mun Customs Marine Base and Intermodal Transfer Terminal scheduled for commissioning from 2015 to 2019.

## **Computer Forensic Laboratory (CFL)**

Rapid IT development enhances operational efficiency but also provides an opportunity for those who exploit technology for the perpetration of crimes, rendering preservation and collection of digital evidence an indispensable part of investigation on computer-related offences. In 2000, CFL and the Computer Analysis and Response Team were set up to assist frontline investigators in analysis of digital evidence and subsequent prosecution in court.

CFL was the first government computer forensic laboratory accredited with international management standards. Since 2006, CFL has been accredited with ISO 9001 on Quality Management and ISO 27001 on Information Security and successfully established a set of standards on integrity and professionalism so that the recognition for the expert advice given by its forensic staff and credibility of the Department's computer forensic service in court were considerably enhanced.



CFL staff conducting data recovery on a physical hard disk

Since its establishment, CFL has processed 928 cases involving 739 computers, 827 optical disc replicating machines, 950 mobile phones, 1 391 SIM cards and 1 032 memory cards that involved intellectual property rights infringement, internet piracy, money laundering, drug trafficking, smuggling, false trade descriptions and revenue frauds.

## **12. Planning and Development**

### **New Control Points and Infrastructural Projects under Planning**

A number of infrastructural projects are in the pipeline to support Hong Kong's continued economic development and cope with the flow of cross-boundary traffic:

- Guangzhou-Shenzhen-Hong Kong Express Rail Link
- Hong Kong-Zhuhai-Macao Bridge
- Liantang/Heung Yuen Wai Boundary Control Point
- Midfield Expansion of Hong Kong International Airport (Phase I)
- Ocean Terminal

### **Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL)**

Construction of XRL, which commenced in January 2010 and due for completion in the third quarter of 2018, will provide intercity connection from West Kowloon in Hong Kong to Futian and Shenzhen North in Shenzhen, Humen in Dongguan and Guangzhou South in Guangzhou as well as high speed long-haul train services destined for major cities in the Mainland.

Proposed alignment for the Hong Kong section of XRL runs along a 26-km underground tunnel from West Kowloon Terminus to join the Mainland section at Huanggang. The total journey will take 48 minutes to arrive at Guangzhou South and 14 minutes to reach Futian.

### **Hong Kong-Zhuhai-Macao Bridge (HZMB)**

Construction of HZMB commenced in December 2009 while that of the Hong Kong Boundary Crossing Facilities and Hong Kong Link Road in December 2011 and May 2012 respectively. The targeted completion date will be at the end of 2017.

HZMB is of strategic importance to regional economic integration by bringing Hong Kong, Macao and the Western Pearl River Delta within a reachable 3-hour commuting radius. It comprises a 29.6 km bridge-cum-tunnel structure in the form of dual-3-lane carriageway starting from the artificial islands off Gongbei and Macao to the artificial island west of Hong Kong. Boundary crossing facilities will be set up by each government within its own respective territory.

## **Liantang/Heung Yuen Wai Boundary Control Point**

The new boundary control point expected to become operational not later than 2018 will help to redistribute cross-boundary traffic amongst other existing crossings and alleviate congestion. It adopts “separate-location model” and “2-storey concept” design with a footprint of about 23 hectares on the Hong Kong side. Facilities for goods vehicles and a public transport interchange are located on the ground level, while the upper level will cater for passengers as well as private cars and coaches. The distance between immigration kiosks and customs checkpoints of the two sides will be minimized through an integrated passenger hall across the Shenzhen River.

## **Midfield Expansion of Hong Kong International Airport (Phase I)**

To cater for the forecast air traffic demand up to 2020, the Airport Authority Hong Kong is implementing a midfield expansion project to provide additional aircraft stands and apron facilities and a new passenger concourse. Phase 1 of the midfield development, which comprises a midfield concourse (MFC) of 20 aircraft parking stands, commenced operation on 28 December 2015.

MFC is located between the existing two runways and west of the Terminal 1 with a total floor area of 73 000 sq. metres. It is connected to the Terminal 1 West Hall by Automated People Mover with designated handling capacity of 10 million passengers per annum.

## **Ocean Terminal**

The Government re-granted the lease of Ocean Terminal to Wharf Holdings Limited for another term of 21 years on 12 June 2012, under which permanent Customs clearance facilities will be set up for cruise passengers by June 2017.

## 13. Administration

### Human Resource Management

The Department strives to strengthen the capabilities of staff in achieving the Department's mission and in delivering business results in an efficient and effective manner. The Department maintains a good and stable governance through the implementation of various established best practices in recruitment, performance management, promotion, reward, discipline and posting. Inspectorate, Customs Officer and Trade Controls Officer Grade officers will be exposed to core Customs functions at the early stage of their career with a view to enabling the development of professionalism. Through structured training, job rotation and career development opportunities, the Department has been able to develop a knowledgeable and responsive workforce to meet the organizational objectives and cope with the ever-changing operating environment.

### Promotion of Staff Integrity and "Healthy Lifestyle"

The Department is committed to maintaining a responsible and reliable workforce. To cultivate a strong culture of professional ethic and probity among staff, the Department launched a series of educational and publicity campaigns on staff integrity and healthy lifestyle in the past year.



President of the Hong Kong Institute of Education, Professor CHEUNG Yan-leung, Stephen, was invited as the guest speaker for a Departmental Seminar.

On the publicity front, the departmental newsletter on promoting healthy lifestyle and staff integrity, “*The Pine*”, continued to instill the concept of healthy lifestyle into staff by widely covering stories of the following areas:

- Experience sharing of celebrities on positive and balanced work-life attitude
- Participation in volunteer work and community services
- Balanced diet
- Care and love to family members, colleagues and community

“*The Pine*” also had a caricature section to promote staff’s application of integrity and professional ethics principles as promulgated in the Code on Conduct and Discipline under different real-life circumstances.

On the education front, the Department worked hand-in-hand with professional institutions with a view to arousing staff’s concern on mental health. Three series of mental health related courses and two workshops on handling of problem gamblers were organized in 2015.

### **Welfare, Sports and Recreation**

In 2015, the Departmental Sports and Recreation Club organized over 200 sports and recreational events including charitable activities, training classes, performances and inter-command competitions for staff and their families.



Swimming Gala 2015



To give a closer attention to staff welfare needs and to promote a caring culture among our colleagues, the Department fine-tuned the health and welfare management system. In 2015, there were 84 officers appointed as health and welfare managers in various offices. These officers were provided with job related training and access to welfare-related information system to perform their job effectively. In addition to conducting periodic welfare visits, they acted as contact points for officers seeking assistance in matters related to welfare, health and work.

In addition to in-house assistance, the Department also commissioned the Christian Family Service Centre to provide counselling services for individual officers and their family members, including a 24-hour telephone hotline for instant counselling and face-to-face counselling by professional social workers. The agency and other non-governmental social welfare organizations also provided training sessions to health and welfare managers as well as colleagues in different formations in mental health first aid, handling of pathological gamblers, counselling skills and knowledge, etc.

## 14. Training and Development

To sustain the professionalism and expertise of its staff and to develop them throughout their careers, the Department took significant efforts on staff training and development. It basically pursues a competency-based strategy which is supplemented by personal development programmes for individual staff.

### Office of Training and Development

The Office of Training and Development (OTD) of the Administration and Human Resource Development Branch is responsible for organizing or coordinating training and development programmes for members of the Customs and Excise Service as well as the Trade Controls Officer Grade officers. It also implements training policies determined by the Department's Training Steering Committee, which is chaired by the Deputy Commissioner. While OTD is responsible for cross-formation training and development, individual major formations are responsible for organizing formation-specific training.



The Customs and Excise Training School

### Training and Development Activities

The Department formulates its human resource development strategies on the basis of the competency requirements of its staff who are tasked to fulfill specific departmental functions. OTD organized a wide range of training programmes in 2015 to enhance the core competencies and functional competencies of officers (See Appendix 13 for details). Training and development activities were principally designed in accordance with the training roadmap for officers at individual grades and ranks.

For benchmarking international best practices and providing officers with exposure opportunities, the Department sent 145 officers to attend different training and attachment programmes hosted by academic institutions, customs organizations and law enforcement administrations in the Mainland and overseas in 2015.



Customs Command Course

### Foundation Learning and Development

A good foundation can help an organization grow stronger and healthier. To equip new recruits with better and practical job knowledge and skills, Customs and Excise Training School (CETS) has always taken proactive actions to provide high quality foundation training – induction and continuation – by upgrading its instructors’ quality, instructional facilities and materials, and course syllabuses.



Foot Drill

Besides discipline, virtues, integrity and healthy lifestyles, a diverse mix of knowledge (e.g. Laws of Hong Kong, import and export trade practices, leadership, foot drill, use of force, practical training and Putonghua) are incorporated into the induction training for both Inspector and Customs Officer recruits. To familiarize them with the workplace environment, more simulated and interactive exercises were introduced. Moreover, relevant personalities will be invited to share vision and experience with the trainees.



Physical Fitness Training



Firearms Training

## **Personal Development of Staff**

The Department advocates a schematic approach whereby senior and middle managers are nurtured through a designated roadmap. In 2015, five senior officers attended advanced leadership / management development programmes at renowned overseas institutions and 16 officers attended executive training or study visits in the Mainland.

## **Continuous Learning and Development**

The Department embarks on a multi-pronged approach in promoting continuous learning and development in order to meet the ever-changing enforcement environment and rising public expectations. In addition to conventional classroom-type training, the departmental Corporate Portal paves way for individual officers to achieve self-learning through studying the e-Learning programmes at his/her own pace.

The Department also collaborates with the Civil Service Training and Development Institute to deliver e-Learning through the Cyber Learning Centre Plus, with 23 programmes encompassing topics related to operational skills, communication, legal knowledge as well as integrity.

As a driving force for continuous development, the Department also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers to sustain professionalism.



Training on e-Learning

## **Regional Training Centre (RTC) of the World Customs Organization (WCO)**

As one of the WCO RTCs in Asia Pacific, CETS plays an active and significant role in supporting the WCO's capacity building initiatives. In collaboration with the Regional Office for Capacity Building Asia Pacific (ROCB A/P), the WCO Asia Pacific Regional Workshop on Intelligence Management was held at RTC Hong Kong in February 2015, with 33 participants from 27 member administrations. The four-day workshop provided the participants with a better understanding of risk management at the

strategic, tactical and operational levels with due regard to the enforcement, security and facilitation requirements. The WCO Asia Pacific Regional Seminar on Customs Operational Practices for Enforcement and Seizures was also held at RTC Hong Kong in September 2015, with 32 participants from 15 member administrations. The three-day seminar, which aimed at strengthening participants' capability in collection of evidence as well as investigation and prosecution of customs offences, was the first in the series conducted by the WCO. RTC Hong Kong will continue to provide staunch support to the WCO and the ROCB A/P for the capacity building efforts in the region.



WCO Asia Pacific Regional Workshop on Intelligence Management

### **Mutual Training Assistance**

Interaction among counterparts in the global customs community is key to successful enforcement outcomes. In 2015, the Department sent 122 officers to receive training from or undergo attachment to other customs organizations and law enforcement administrations and provided training to 30 visiting officials.

### **Occupational Safety and Health**

Our Department is committed to providing a safe and healthy working environment for our staff and adopting a holistic framework on safety management system. In 2015, a number of tailor-made courses such as “Basic Risk Assessment”, “Competence in Manual Handling”, “Safety Inspection” as well as “Accident Investigation and Prevention” were provided to our officers so as to equip them with the knowledge to identify and reduce potential risks at work and to run the safety management system of the Department.

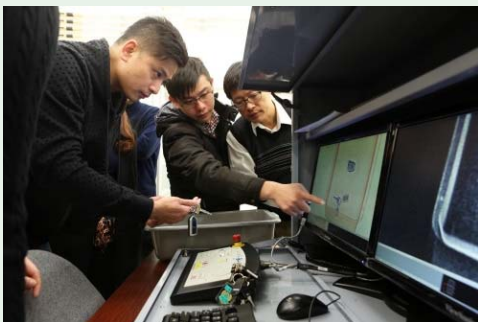
## Specialized training

Customs officers encounter different levels of resistance or violence in their daily execution of duty. To safeguard officers' safety, a number of specialized trainings were provided to frontline officers to enhance their capability in responding to various threats and the proper use of force in ever-changing enforcement situations. Other specialized trainings on investigations were also organized to strengthen officers' ability in analyzing intelligence and in planning in-depth investigations against organized crimes. Overseas trainings on tactical safety and crime scene investigations were offered to officers to heighten their awareness of safety in raiding operations and the proper handling of evidence collected at crime scene.

The Department deploys specialized equipment such as X-ray screeners and trace contraband detectors to help frontline officers to detect contrabands. A number of Train-the-trainer courses were organized to develop professional trainers to train up the frontline operators to use the specialized equipment professionally.



Intelligence and Investigation Course



Train-the-trainer Course on X-ray Screener



Train-the-trainer course on Trace Contraband Detector

## **Prosecution-related training**

Fundamental legal knowledge such as court procedures for criminal proceedings, preparation of case bundles, handling of exhibits and evidence, etc. are essential for Customs officers in preparing a criminal case for prosecution. A number of prosecution-related training activities were thus organized for frontline officers in 2015, including legal seminar by a senior public prosecutor of the Department of Justice, legal workshops on criminal evidence and case preparation, tailor-made outreach programmes for different formations and lectures on prosecution and forfeiture procedures for new recruits, etc. with a view to keeping our officers abreast of the latest legal knowledge and courts' requirements.

## **15. Financial Administration**

### **Revenue**

The Department collected HK\$11,729 million of revenue in 2015-16, representing an increase of 5.8% over that for 2014-15. The increase was mainly attributable to the additional revenue collection from cigarettes, hydrocarbon oils and alcoholic beverages which was partly offset by the reduction in revenue collection from trade declaration charges.

A summary of the revenue collected in 2014-15 and 2015-16 is at Appendix 8.

### **Expenditure**

The total expenditure of the Department in 2015-16 amounted to HK\$3,292 million, of which 76.5% was on Personal Emoluments, 22.8% on Departmental Expenses and 0.7% on Capital Account Expenditure. The increase in expenditure of 4.8% over that for 2014-15 was mainly due to the impact of the 2015 civil service pay rise, the 2013 pay level survey and the increase in operating expenses, partly offset by the decrease in cash flow requirements for capital account items.

A summary of the total expenditure in 2014-15 and 2015-16 is at Appendix 9.



The Department's actual expenditure by programme area is distributed as follows:

	<b>2014-15</b>	<b>2015-16</b>
	<b>HK\$M</b>	<b>HK\$M</b>
(a) Control and Enforcement	2,296	2,417
(b) Anti-narcotics Investigation	192	201
(c) Intellectual Property Rights and Consumer Protection	307	302
(d) Revenue Protection and Collection	175	186
(e) Trade Controls	173	186

### **Seizure Management**

The provision of service for the storage and disposal of seized goods is one of the major tasks of the Department. In 2015-16, the total average storage space available for accommodating seized goods and vehicles in government storehouses was 65 739 sq. metres while that for private godowns was 1 858 cu. metres.

After forfeiture, the seized goods are disposed of by auction or destruction. The Department disposed of about 51 000 items of confiscated goods in 2015-16, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles. The proceeds from the sale of the forfeited goods during the period amounted to about HK\$38 million.

## **16. Criminal Prosecution**

While a large proportion of Customs resources are engaged in operations and investigations into illegal activities on various fronts, the Department takes criminal prosecution equally seriously, as it aims to bring offenders to account. Essentially, successful prosecution can be seen as the finishing touch, which makes all painstaking efforts of frontline officers worthwhile.

In 2015, the number of prosecution cases amounted to 7 743, of which 4 703 (60.7%) were related to the Import and Export Ordinance, 2 021 (26.1%) related to the Dutiable Commodities Ordinance, 589 (7.6%) related to the Trade Descriptions Ordinance, 282 (3.6%) related to the Dangerous Drugs Ordinance and 80 (1.0%) related to the Copyright Ordinance. A total of 7 766 persons and 408 companies were prosecuted, which resulted in total fines upon offenders of HK\$33.5 million and the imposition of immediate imprisonment in 1 393 cases.

### **Major Legislation Amendments**

#### **Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015**

The Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2015 came into operation on 1 October 2015. The Notice amended the Schedules 1 and 2 to the Ordinance to apply the updates to two safety standards for toys and some safety standards for eight classes of Schedule 2 products, namely "babies dummies", "bunk beds for domestic use", "child safety barriers for domestic use", "children's cots for domestic use", "children's high chairs and multi-purpose high chairs for domestic use", "children's paints", "playpens for domestic use" and "wheeled child conveyances" under the Ordinance.

### **Prosecution Summary**

The past year was an eventful one with the successful prosecution and conviction of 7 331 persons and 385 companies. Details of the prosecution related figures are set out in Appendices 14-16.

## **Civil Enforcement**

### **Undertaking**

During 2015, the Department accepted on four occasions four written undertakings of traders which were believed to have committed an offence of applying a false trade description to their products or services in the course of trade or business / supplying products to which a false trade description was applied. The written undertakings given by traders are commitments by them not to continue or repeat the conduct or commercial practice of concern, as well as to put in place compliance programmes for their staff for implementing the undertaking and meeting with the requirements under the Trade Descriptions Ordinance. Brief descriptions of the related cases are set out below:

- a company promoted its pre-packed “Fish Maw and Cordyceps Soup Pack” at a consignment counter in a supermarket. However, the soup pack indeed did not contain the ingredient of “Cordyceps”;
- An educational centre advertised on its website and promotional posters that its summer English courses were highly praised by 32 famous local academic institutions. This depiction intended to attract consumers but in fact the institutions had never given such accreditation to the centre;
- An online trader supplied a tailor-made desk top computer to his customer but he substituted the transformer for the order. Further, the trader falsely stated the maintenance service provider on his auction webpage; and
- A plumber advertised on his webpage that his company had been registered as a limited company with branches all over Hong Kong. In fact, the depiction was false as he had not applied for any business or company registration and the company had no branch in Hong Kong.

### **Liaison with the Department of Justice and Judiciary**

To further enhance communication and foster closer co-operation with the Department of Justice, representatives of the Department paid liaison visits to the Prosecutors’ Office in the Magistrates’ Courts. Besides, various briefings and site visits to land boundary control points were also arranged for Government Counsels, Magistrates and Court Prosecutors for their better understanding of Customs clearance procedures and frontline enforcement strategies.

# Chronicle

2015

January 2015

- Passing-out Parade for officers of No. 103 Inspector Induction Course and No. 351 to 360 Customs Officer Induction Courses, with Mr John C Tsang, Financial Secretary, as the Inspecting Officer.



Passing-out Parade on 16 Jan 2015

- Seized 2 780 kg of pangolin scales with a retail value of HK\$13.9 million from an incoming container imported from Cameroon.



Pangolin scales seized

- Seized a large batch of high-valued electronic goods including mobile phones, central processing units and random access memory with a retail value of HK\$32.6 million from a cross-boundary lorry at Lok Ma Chau Control Point.



High-valued electronic goods seized

- Seized a total of 558 000 illicit cigarettes with a retail value of HK\$1.5 million from a cross-boundary lorry in a smuggling case at Lok Ma Chau Control Point. The cigarettes were found concealed in the hollowed packing carton papers.



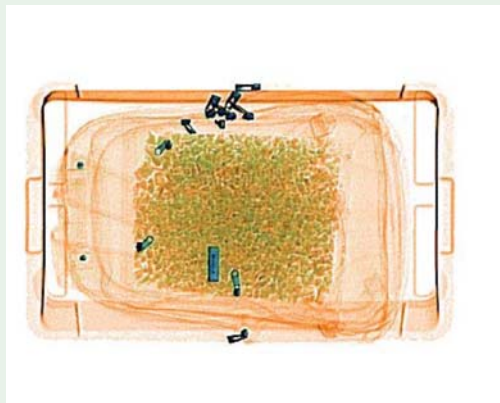
Illicit cigarettes concealed in the hollowed packing carton papers

- Seized a large batch of high-valued electronic goods including mobile phones, tablet computers and hard drives with a retail value of HK\$3.2 million from a cross-boundary lorry at Lok Ma Chau Control Point.



Mobile phones and hard drives seized

- Seized 3.1 kg of methamphetamine with a retail value of HK\$ 1.44 million from the inner lining of a backpack carried by an incoming passenger at Shenzhen Bay Control Point.



Methamphetamine concealed in the inner lining of the backpack

- Seized around 2 700 kg of pangolin scales with a retail value of \$13 million from a 20-foot container declared as “Plastic Sliced in Pieces” from Cameroon at Kwai Chung containerized cargo examination compound.



Pangolin scales seized in cargo examination

- Seized a large number of sportswear, bags, balls, watches, memory sticks and mobile phones bearing suspected forged trademarks valued at HK\$ 3.04 million from a transshipment container destined for Georgetown, Guyana from the Mainland via Hong Kong.



Assorted counterfeit goods seized

- Seized 2 kg of cocaine with a retail value of HK\$1.9 million from the suitcase of a passenger arriving from Benin via Kenya and Thailand at the Airport.



Cocaine concealed in the false compartment of the suitcase

- Seized 4.3 kg of cocaine with a retail value of HK\$4.2 million from two suitcases of a passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine concealed in the false compartment of one suitcase

- Seized 1.2 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Burundi via Kenya at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine seized

- Seized 3.8 kg of cocaine with a retail value of HK\$3.7 million from a passenger arriving from India via Malaysia at the Airport. The cocaine was smuggled by way of concealment inside the hard covers of books.



Cocaine concealed inside the hard covers of books



- Seized 2.3 kg of cocaine with a retail value of HK\$2.2 million from two rucksacks of a passenger arriving from South Africa at the Airport.



Cocaine concealed in the lining of two rucksacks

- Seized 4.9 L of liquid methamphetamine with a retail value of HK\$2.3 million camouflaged as makeup remover in a postal parcel destined for Australia at the Airport.



Liquid methamphetamine camouflaged as makeup remover

- Conducted a series of joint operations with the Hong Kong Police Force to combat the sale of counterfeit products in Mong Kok and Tsim Sha Tsui. One retail store in Mong Kok and three clandestine storehouses were smashed. A total of four cases were detected and some 3 900 pieces of suspected counterfeit goods with a retail value of \$3.37 million were seized.



Counterfeit goods seized during the operations

- Seized 4.3 kg of cocaine with a retail value of HK\$4.2 million from two suitcases of a passenger arriving from Brazil at the Airport.

Cocaine found in a false compartment



- Seized 3.8 kg of cocaine with a retail value of HK\$3.7 million from seven books inside the check-in suitcase of a passenger arriving from South Africa at the Airport.

Cocaine found in books



- Seized 3.1 kg of methamphetamine with a retail value of HK\$1.4 million from two rucksacks of a passenger at Shenzhen Bay Control Point.

Methamphetamine found in two rucksacks



- Mounted a joint operation with Australian Federal Police, New Zealand Customs Service and Shenzhen Anti-Smuggling Bureau, resulting in the seizure of 11.5 kg of methamphetamine with four persons arrested in Australia and three persons arrested in Shenzhen.



- Seized 2.9 kg of cocaine with a retail value of HK\$2.7 million from the baggage of a passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine concealed in the lining of a jacket and a neck cushion

- Seized 5.6 kg of cocaine with a retail value of HK\$5.3 million from four passengers arriving from Burundi via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the four passengers

- Seized 164 kg of worked ivory with a retail value of HK\$1.3 million in 36 postal parcels originated from Nigeria at the Airport.



Worked ivory found in postal parcels

- Seized 2.2 kg of cocaine with a retail value of HK\$2.1 million from a shoulder bag and a rucksack of an incoming passenger arriving from Peru via Brazil and Qatar at the Airport.



Cocaine found in the shoulder bag

- Seized 5.6 kg of cocaine with a retail value of HK\$5.3 million from four passengers arriving from Burundi via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment



Pellets of cocaine seized

- Mounted a joint operation with Australian Federal Police, New Zealand Customs Service and Shenzhen Anti-Smuggling Bureau, resulting in the seizure of 100 kg of methamphetamine and two persons arrested in Australia.



Methamphetamine found in false compartments of a container in Australia

## March 2015

- The Department and the Vice-Chair for the World Customs Organization Asia/Pacific Region (i.e. the Royal Malaysian Customs Department) co-hosted the 1st Meeting of the Regional Anti-drug Expert Group in Hong Kong.



Opening address by Mr. Dato' Sri Khazali bin Haji Ahmad, Director General of the Royal Malaysian Customs Department, at the 1<sup>st</sup> Meeting of the Regional Anti-drug Expert Group in Hong Kong

- The Commissioner of Customs and Excise led a five-member delegation to attend the 32nd Customs Cooperation Conference between Korea Customs Service and Hong Kong Customs in Busan, Korea.



The 32nd Customs Cooperation Conference between Korea Customs Service and Hong Kong Customs

- Seized a batch of unmanifested electronic products including 2 300 mobile phones and 1 930 000 integrated circuits, worth HK\$34 million, from three cross-boundary coaches at Shenzhen Bay Control Point, Ma On Shan and Yuen Long respectively, and two repackaging centers in Sha Tin. Nine syndicate members were arrested for conspiracy to export unmanifested cargoes.



Smartphones and tablet computers seized from one coach

- Seized 10 kg of methamphetamine with a retail value of HK\$4.31 million from a passenger's travel bag at Lok Ma Chau Control Point.



Packets of methamphetamine found in the travel bag

- Seized 1.28 kg of liquid cocaine with a retail value of HK\$1.25 million from a passenger arriving from Lima, Peru at the Airport.



Liquid cocaine smuggled by way of internal concealment

- Seized a large batch of high-valued electronic goods including mobile phones, digital cameras and hard disks with a retail value of HK\$ 3.82 million in a joint operation with the Marine Police against coastal smuggling in Sai Kung.



High-valued electronic goods seized at seashore at Tsam Chuk Wan, Sai Kung.

- Seized 4 160 grams of methamphetamine with a retail value of HK\$1.67 million and arrested an incoming passenger at Spur Line Control Point.



Packets of methamphetamine seized

- Seized 3 kg of methamphetamine with a retail value of HK\$1.2 million from an incoming passenger at Lo Wu Control Point.



Smuggling of methamphetamine by way of body-packing



- Seized 1.3 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Burundi via Kenya at the Airport. The cocaine was smuggled by way of internal concealment.



- Seized 2.2 kg of cocaine with a retail value of HK\$2.1 million from a passenger arriving from Colombia via France at the Airport. The cocaine was smuggled by way of body-packing.



Cocaine wrapped around the buttock

- Seized 2 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from Colombia via France at the Airport. The cocaine was smuggled by way of body-packing.



Cocaine wrapped around the buttock

- Seized 1.3 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1.3 kg of cocaine (in liquid form) with a retail value of HK\$1.3 million from a passenger arriving from Peru via the Netherlands at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of liquid cocaine swallowed by the passenger

- Seized 3.5 kg of cocaine with a retail value of HK\$3.3 million concealed inside five stone eagle sculptures in a consignment originated from Brazil via Dubai at the Airport.



Cocaine concealed inside stone eagle sculptures

- Seized 3.7 kg of cocaine with a retail value of HK\$3.5 million camouflaged as health products in three postal parcels originated from Brazil at the Airport.



Cocaine camouflaged as health products

- Seized 2.2 kg of methamphetamine with a retail value of HK\$1 million concealed inside colour pens in an express courier consignment destined for Australia at the Airport.



Methamphetamine concealed inside colour pens

- Seized 4 kg of methamphetamine with a retail value of HK\$1.6 million from a passenger at Lok Ma Chau Spur Line Control Point and arrested one person in Kowloon Tong.



Methamphetamine found in boxes of foodstuff

- Seized 10 kg of methamphetamine with a retail value of HK\$4 million from a travel bag of a passenger and a driver at Lok Ma Chau Control Point and arrested one person in Kwun Tong.



Methamphetamine seized

- Seized 2.2 kg of cocaine with a retail value of HK\$2.1 million concealed in the underwear of an incoming passenger arriving from Colombia via France at the Airport.



Cocaine found concealed in underwear

- Mounted a joint operation with Brazilian authorities resulting in the seizure of 9 kg of cocaine with one person arrested in Brazil.

April 2015

- Seized 4 152 central processing units worth HK\$5.2 million from an outbound private car at Lok Ma Chau Control Point.



Central processing units concealed under the front fenders of the private car

- Seized 4 152 central processing units with a retail value of HK\$5.5 million from a cross-boundary private vehicle at Lok Ma Chau Control Point.



Central processing units found in the hidden compartment of the engine room

- Seized 869 mobile phones with a retail value of HK\$3.45 million from an outgoing cross-boundary lorry at Lok Ma Chau Control Point.



Mobile phones found from the false compartment of the trailer's axles

- Seized a total of 133.3 kg of methylene with a retail value of HK\$ 26.6 million from an incoming tractor at Man Kam To Control Point.



Methylene found concealed inside the speakers of a cargo consignment onboard

- Seized 122 cartons of illicit cigarettes with a retail value of HK\$ 4.29 million from an importing container conveyed by a river trade vessel. The illicit cigarettes were declared as “Electronic parts and LED Lights”.



Illicit cigarettes seized at River Trade Terminal

- Seized 5.2 kg of cocaine with a retail value of HK\$5.1 million from two computer laptop pouches in the baggage of a passenger arriving from Burundi via Kenya at the Airport.



Cocaine concealed in the lining of two computer laptop pouches

- Seized 1.6 kg of cocaine with a retail value of HK\$1.5 million from a passenger arriving from Nigeria via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 2.3 kg of methamphetamine with a retail value of HK\$1 million concealed inside four metal devices in a transshipment consignment delivered from the Mainland for Australia via Hong Kong at the Airport.



Methamphetamine wrapped in layers of bags



Methamphetamine concealed inside metal devices

- Seized 3.8 kg of methamphetamine with a retail value of HK\$1.7 million concealed inside dolls in two postal parcels destined for Australia at the Airport.



Methamphetamine concealed inside dolls

- Seized 2.4 kg of cocaine with a retail value of HK\$2.4 million camouflaged as health products in a postal parcel originated from Brazil at the Airport.



Cocaine camouflaged as health products

- Seized 5.1 kg of methamphetamine with a retail value of HK\$2.2 million concealed inside an ornament in a postal parcel destined for Australia at the Airport.



Methamphetamine concealed inside the ornament

- Seized 5.2 kg of cocaine with a retail value of HK\$5.1 million from two empty laptop computer bags of an incoming passenger arriving from Burundi via Kenya at the Airport.



Cocaine found in two empty laptop computer bags



- Seized 2.3 kg of cocaine with a retail value of HK\$2.3 million from an incoming parcel at the Airport and arrested two persons in Tseung Kwan O.



Cocaine camouflaged as vitamin pills

- Seized 11 kg of cannabis buds and 178 tab of nimetazepam with a retail value of HK\$2.3 million and arrested one person in Tuen Mun.



Cannabis buds seized in Tuen Mun

- Seized 16 kg of herbal cannabis concealed in cans with a retail value of HK\$1.7 million from an incoming parcel at the Airport and arrested two persons in Mong Kok.

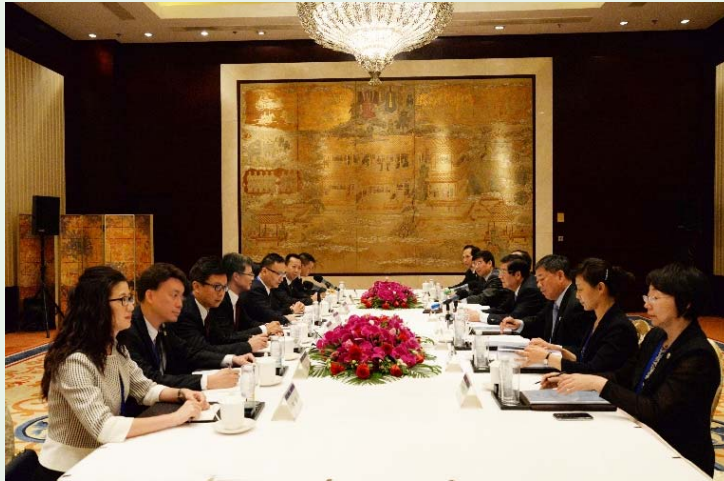


Herbal cannabis concealed in cans

- Mounted a joint operation with United States authorities resulting in the seizure of 203 kg of assorted drugs with four persons arrested in the United States.

## May 2015

- The Commissioner of Customs and Excise led a five-member delegation to attend a high-level international Customs forum on the "Belt and Road" initiative (the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road") in Xi'an.



Customs forum on the "Belt and Road" initiative

- Seized a large batch of live endangered species animals including red footed tortoise and *Geochelone sulcata* and high-valued electronic goods including digital cameras, tablet computers and mobile phones with a retail value of HK\$ 10.87 million in a joint operation with the Marine Police against sea smuggling in Rambler Channel Public Cargo Working Area.



Live lizards and *Geochelone sulcata* seized

- Seized a large batch of electronic goods including mobile phones, headphones, batteries, speakers and electronic parts bearing suspected forged trademarks with a retail value of HK\$ 6.68 million from a transshipment container destined for Buenos Aires, Argentina from the Mainland via Hong Kong.



Seized counterfeit electronic goods

- Seized 1.6 kg of cocaine with a retail value of HK\$1.6 million from the suitcase of a passenger arriving from South Africa via Singapore at the Airport.



Cocaine concealed in the false compartment of the suitcase

- Seized 7.8 kg of rhino horns with a retail value of HK\$1.6 million from two passengers arriving from South Africa at the Airport.



Rhino horns inside the baggage of the passengers

- Seized 1.3 kg of heroin with a retail value of HK\$1 million from a passenger arriving from Kenya via Ethiopia at the Airport. The heroin was smuggled by way of internal concealment.



Pellets of heroin swallowed by the passenger

- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million from a computer laptop bag and two computer pouches in the baggage of a passenger arriving from Colombia via Brazil and Singapore at the Airport.



Cocaine concealed in the lining of the computer laptop bag and two computer pouches

- Seized 11.9 kg of methamphetamine and 2 g of ketamine with a total retail value of HK\$5.1 million concealed inside eight water pumps and a carton box in an express courier consignment destined for Malaysia at the Airport.



Methamphetamine concealed inside eight water pumps and ketamine found inside the carton box

- Seized 4 kg of methamphetamine with a retail value of HK\$2 million concealed inside four plastic bottles in an express courier consignment destined for Australia at the Airport.



Methamphetamine concealed inside one of the plastic bottles

- Seized 2.9 kg of methamphetamine with a retail value of HK\$1.4 million concealed inside three plastic bottles in an express courier consignment destined for Australia at the Airport.



Methamphetamine concealed inside three plastic bottles

- Mounted a joint operation with Macau Customs to crack down a discussion forum website involved in suspected distribution of pirated local TV programmes. The mastermind and a core member of the forum were arrested in Hong Kong while another key member was arrested in Macau. Infringing local TV programmes were found in the computers seized. As a result, a cross-boundary syndicate involved in the distribution of infringing TV programmes was smashed.



Items seized during the operation

- Seized 1.6 kg of cocaine with a retail value of HK\$1.6 million concealed in a false compartment of the suitcase of an incoming passenger arriving from South Africa via Singapore at the Airport and arrested one person in Sham Shui Po.

Cocaine concealed in the false compartment of the suitcase



- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million concealed in false compartments of a laptop bag, two bags and a suitcase of an incoming passenger arriving from Colombia via Brazil at the Airport.



Cocaine concealed in a false compartment of the laptop bag

- Seized 19.3 kg of cocaine with a retail value of HK\$20 million with two persons arrested in Wan Chai, Mong Kok and Tin Shui Wai.



Cocaine concealed in carton boxes

- Mounted a joint operation with United States authorities resulting in the seizure of 9 kg of ketamine with two persons arrested in the United States.

## June 2015

- The Commissioner of Customs and Excise signed a Mutual Recognition Arrangement (MRA) for the Hong Kong Authorized Economic Operator Programme (AEO Programme) with the Thai Customs in Brussels, Belgium.



Commissioner of Customs and Excise, Mr. Clement Cheung (right), signed an MRA for the AEO Programme with the Thai Customs in Brussels, Belgium on 11 June 2015.

- The Department concluded a Customs Co-operative Arrangement (CCA) with the Customs of the Republic of Madagascar during the margins of the 125th /126th Council Sessions of the World Customs Organization in Brussels, Belgium.



Commissioner of Customs and Excise, Mr Clement Cheung (right), and the Director-General of the Malagasy Customs, Mr Eric Narivony Rabenja exchanged the signed CCA.

- Passing-out Parade for officers of No. 104 to 106 Inspector Induction Courses and No. 361 to 365 Customs Officer Induction Courses, with Mr Richard Tang Yat-sun as the Inspecting Officer.



Passing-out Parade on 26 Jun 2015

- Seized a total of 1.13 million illicit cigarettes with a retail value of HK\$3.1 million from a cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were found concealed in a false compartment of the container.



Illicit cigarettes found in the false compartment of the container

- Seized a total of 2.52 million illicit cigarettes with a retail value of HK\$6.81 million from a cross-boundary lorry in a smuggling case at Lok Ma Chau Control Point. The cigarettes were found mixed-loaded with general cargoes and placed in the inner part of the cargo compartment.



Seized illicit cigarettes at Lok Ma Chau Control Point



- Seized 3 kg of cocaine (in paste form) with a retail value of HK\$3.4 million from packs of liquid soap in the baggage of a passenger at the Airport. The passenger arrived from Brazil via the Netherlands.



Cocaine camouflaged as liquid soap

- Seized 2 kg of cocaine with a retail value of HK\$2.3 million concealed inside a pump in an express courier consignment arriving from Venezuela at the Airport.



Cocaine concealed inside the rotor of the pump

- Seized 5.6 kg of cocaine with a retail value of HK\$6 million soaked in vests, jackets and blankets in a postal parcel originated from Uruguay at the Airport.



Cocaine soaked in vests, jackets and blankets

- Seized 2.5 kg of methamphetamine with a retail value of HK\$1 million concealed inside soaps in a postal parcel destined for Australia at the Airport.



Methamphetamine concealed inside soaps

- Seized 4.9 kg of liquid methamphetamine with a retail value of HK\$2.1 million camouflaged as skincare products in a postal parcel destined for Australia at the Airport.



Liquid methamphetamine camouflaged as skincare products

- Seized 3.8 kg of methamphetamine with a retail value of HK\$1.1 million soaked in face masks in an express courier consignment destined for Australia at the Airport.



Methamphetamine soaked in face masks

- Seized 8 kg of cannabis buds and plants with a retail value of HK\$1.3 million and arrested one person in Yuen Long.



Cannabis seized in Yuen Long

- Seized 1.8 kg of cannabis buds, 0.9 kg of cannabis resin, 0.8 kg of MDMA powder, 0.7 kg of cocaine, and assorted types of drugs with a total retail value of HK\$1.9 million and arrested one person in Yau Ma Tei.



Assorted types of drugs seized in Yau Ma Tei

- Seized 2 kg of cocaine concealed in a pump in an incoming parcel at the Airport and arrested three persons and seized 0.7 kg of crack cocaine with a total retail value of HK\$3.4 million in Mong Kok.



Cocaine concealed in the pump

- Mounted a joint operation with United States authorities resulting in the seizure of 7.9 kg of gamma-butyrolactone with two persons arrested in the United States.

## July 2015

- Seized a batch of unmanifested electronic goods including 1 400 mobile phones, 24 500 display panels and 220 kg of silver slabs and beads worth HK\$6.3 million from two outbound lorries at Lok Ma Chau Control Point and one repackaging centre in Tai Po. Four syndicate members were arrested for conspiracy to export unmanifested cargoes.



Seized mobile phones inside altered battery and silver beads

- Seized 248 mobile phones and 910 mobile phone parts with a total retail value of HK\$1.29 million at Lok Ma Chau Control Point. The seized goods were found inside the battery cases of an outgoing cross-boundary lorry.



Mobile phones and mobile phone parts concealed inside the battery cases of the outgoing cross-boundary lorry

- Seized 600 000 illicit cigarettes with a retail value of HK\$1.65 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were concealed inside the mattresses which were declared as furniture and mingled with other assorted goods.



Illicit cigarettes concealed inside the mattresses

- Seized a large batch of high-valued electronic goods including mobile phones and central processing units with a total retail value of HK\$4.94 million from empty reefer containers at Lok Ma Chau Control Point.



Mobile phones and central processing units concealed inside the reefer containers

- Seized 3 kg of methamphetamine with a retail value of HK\$ 1.4 million at Lok Ma Chau Control Point.



Methamphetamine seized at Lok Ma Chau Control Point

- Seized a large number of counterfeit adaptors, controllers, earphones, speakers and bags valued at HK\$ 2.66 million from a transshipment container destined for La Guaira, Venezuela from the Mainland via Hong Kong.



Counterfeit goods in the transshipment container

- Seized 1.6 kg of cocaine with a retail value of HK\$1.8 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of body-packing and internal concealment.



Cocaine concealed in the underpants of the passenger



Pellets of cocaine swallowed by the passenger

- Seized 1.6 kg of cocaine with a retail value of HK\$1.8 million from the hand-carry baggage of a passenger arriving from South Africa via the United Arab Emirates at the Airport.



Cocaine concealed in the lining of the hand-carry baggage

- Seized 1.2 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Brazil via South Africa at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1.6 kg of cocaine with a retail value of HK\$1.8 million from a passenger arriving from Nigeria at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 2.5 kg of cocaine (in paste form) with a retail value of HK\$2.8 million concealed inside packs of food sauce in the baggage of a passenger arriving from Brazil at the Airport.



X-ray image of the cocaine in a check-in baggage



Cocaine concealed in a pack of food sauce

- Seized 2 kg of cocaine with a retail value of HK\$2.3 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of body-packing.



Cocaine concealed in the compression shorts worn by the passenger

- Seized 3.2 kg of cocaine with a retail value of HK\$4.0 million from the suitcase of a passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine concealed in the false compartment of the suitcase



- Seized 5.8 kg of methamphetamine with a retail value of HK\$2.5 million concealed inside an ornament in a postal parcel destined for Australia at the Airport.



Methamphetamine concealed inside the ornament

- Seized 5.5 kg of cocaine with a retail value of HK\$6.3 million soaked in baby clothes and mats in a postal parcel originated from Uruguay at the Airport.



Cocaine soaked in a mat

- Seized 3.6 kg of methamphetamine with a retail value of HK\$1.4 million concealed inside 60 sets of adaptors in an express courier consignment destined for Australia at the Airport.



Methamphetamine concealed inside adaptors

- Seized 2.5 kg of cocaine with a retail value of HK\$2.8 million from packets of tomato sauce of an incoming passenger arriving from Colombia via Brazil and the United Arab Emirates at the Airport.



Cocaine concealed in tomato sauce

- Seized 2 kg of cocaine with a retail value of HK\$2.3 million concealed in the underpants and wrapped around the thighs of an incoming passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine concealed by body-packing

- Seized 3.2 kg of cocaine with a retail value of HK\$4 million concealed in false compartments of a suitcase of an incoming passenger arriving from Brazil via Ethiopia at the Airport.



Cocaine found in a false compartment

- Seized 4.5 kg of methamphetamine in an outbound parcel at the Airport and 4.5 kg of methamphetamine in an outbound parcel in Cheung Sha Wan with a total retail value of HK\$3.5 million and arrested two persons in Cheung Sha Wan.



Methamphetamine found in an outbound parcel

- Mounted a joint operation with Mainland and Taiwan authorities resulting in the seizure of 3 kg of heroin with two persons arrested in Taiwan.

## August 2015

- Mr Roy Tang took up appointment as Commissioner of Customs and Excise.
- Mr David Fong, Assistant Commissioner (Excise and Strategic Support), delivered a presentation on the topic of Leveraging E-Commerce towards Growth of Micro, Small & Medium Enterprises Trade in the APEC Customs-Business Dialogue held in Cebu, the Philippines.



The APEC Customs-Business Dialogue in Cebu, the Philippines

- Seized a large batch of counterfeit mobile phones valued at HK\$4.62 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point.



Counterfeit mobile phones found in the cross-boundary lorry

- Seized 672 000 illicit cigarettes with a retail value of HK\$1.68 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were concealed in fake ovens.



Illicit cigarettes concealed in the fake huge ovens

- Seized a large batch of high-valued electronic goods including central processing units and random access memory with a total retail value of HK\$4.19 million from a false compartment at the rear part of the chassis of an outgoing cross-boundary lorry at Lok Ma Chau Control Point.



High-valued electronic goods found in a false compartment at the rear part of the chassis of the lorry

- Seized 2 kg of cocaine with a retail value of HK\$2.49 million from an incoming passenger arriving from Sao Paulo, Brazil at the Airport.



Cocaine packed around the shins of the passenger who covered her shins with flared jeans

- Seized a total of 3.17 million illicit cigarettes with a retail value of HK\$8.56 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were placed in the inner part of cargo compartment with declared consignment camouflaged at the front.



Illicit cigarettes found mixed-loaded with declared consignment onboard the lorry

- Seized a total of 2.6 million illicit cigarettes with a retail value of HK\$6.5 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were found mixed-loaded with general cargoes and placed in the inner part of cargo compartment.



Illicit cigarettes found mixed-loaded with general cargoes onboard the incoming vehicle

- Seized a large number of counterfeit batteries, bags, cosmetics and wallets valued at HK\$ 2.38 million from a transshipment container destined for Nhava Sheva, India from the Mainland via Hong Kong.



Counterfeit cosmetics, batteries and wallets

- Seized 1.7 kg of cocaine with a retail value of HK\$2.1 million from a passenger arriving from Colombia via France at the Airport. The cocaine was smuggled by way of body-packing.



Cocaine concealed in compression shorts

- Seized 2 kg of cocaine with a retail value of HK\$2.5 million from a passenger arriving from Brazil at the Airport. The cocaine was smuggled by way of body-packing.



Cocaine wrapped around the legs of the passenger

- Seized 1 kg of cocaine with a retail value of HK\$1 million from a passenger arriving from Nigeria via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 2.1 kg of cocaine with a retail value of HK\$2.2 million from the briefcase of a passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine concealed in the lining of the briefcase

- Seized 1.4 kg of cocaine (in liquid form) with a retail value of HK\$1.5 million from a passenger arriving from Peru via Brazil and the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of liquid cocaine seized

- Mounted a joint operation with the Hong Kong Police Force, resulting in the seizure of 1.8 kg of cocaine with a retail value of HK\$1.7 million concealed inside three stone eagle sculptures in a consignment delivered from Brazil via Dubai at the Airport.



Cocaine concealed inside a stone eagle sculpture

- Seized 1.4 kg of liquid cocaine in two cases with a total retail value of HK\$1.6 million. The cocaine camouflaged as massage oil was found in two postal parcels originated from Brazil at the Airport.



Liquid cocaine camouflaged as massage oil



- Conducted a joint operation with the Hong Kong Police Force to crack down on sales of counterfeit products. The operation successfully smashed a syndicate involved in selling counterfeit goods by operating two upstairs showrooms and a storehouse in Tsim Sha Tsui and Tsuen Wan. This was a record seizure in terms of quantity among similar cases in the past decade. More than 30 000 suspected counterfeit products valued at about HK\$3 million, including leather goods, watches, apparel products, footwear, sunglasses and perfume, were seized. Three persons were arrested.



Showrooms of counterfeit products

- Seized 1 kg of methamphetamine, 3.5 gm of cannabis buds and 95 MDMA tablets from an incoming passenger at Lo Wu Control Point and seized 2 kg of methamphetamine and 0.3 gm of heroin and arrested one person in Mongkok. The total retail value of the seized dangerous drugs amounted to HK\$1.2 million.



Methamphetamine seized in Mongkok

- Seized 1.1 kg of liquid cocaine and 1 kg of cocaine with a retail value of HK\$2.3 million from three inbound parcels at the Airport and arrested one person in Kam Tin.



Cocaine found in capsules

- Seized 2.1 kg of cocaine with a retail value of HK\$2.2 million from a hand-carry computer bag of an incoming passenger arriving from Mexico via Brazil and the United Arab Emirates at the Airport.



Cocaine concealed in the computer bag

## September 2015

- Seized 1.8 million sticks of illicit cigarettes with a retail value of HK\$5 million from a cross-boundary container truck in a smuggling case. The cigarettes were found concealing in sofas.



Illicit cigarette were concealed in sofas while smuggling into Hong Kong.

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million from the suitcase of a passenger arriving from the Philippines at the Airport.



Cocaine concealed in a false compartment of the suitcase

- Seized 2.3 kg of cocaine with a retail value of HK\$2.4 million camouflaged as soaps and cosmetic products in the baggage of a passenger arriving from India at the Airport.



Cocaine camouflaged as soaps



Cocaine camouflaged as cosmetic products

- Seized 3.2 kg of cocaine with a retail value of HK\$3.7 million from the suitcase of a passenger arriving from South Africa at the Airport.



Cocaine concealed in a false compartment of the suitcase

- Seized 9.7 kg of rhino horns with a retail value of HK\$1.9 million from the baggage of three passengers arriving from South Africa at the Airport.



Rhino horns seized

- Seized 16 kg of cocaine with a retail value of HK\$18.6 million from the baggage of two passengers arriving from Peru via Brazil and Ethiopia at the Airport.



Cocaine camouflaged as coffee powder



Cocaine concealed inside a folded bed linen

- Seized 2.5 kg of cocaine with a retail value of HK\$2.9 million from two sports bags of two passengers arriving from the Philippines at the Airport.



Cocaine concealed in the lining of two sports bags

- Seized 1.6 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from Burundi via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 3.8 kg of cocaine with a retail value of HK\$4.4 million from the suitcase of a passenger arriving from Brazil via Ethiopia at the Airport.



X-ray image of cocaine seized



Cocaine concealed in a false compartment of the suitcase

- Seized 3.2 kg of cocaine with a retail value of HK\$3.7 million from a false compartment of the suitcase of an incoming passenger arriving from South Africa at the Airport.



Cocaine found in the false compartment of the suitcase

- Seized 2.5 kg of cocaine with a retail value of HK\$2.9 million concealed in inner layers of suitcases of two incoming passengers arriving from the Philippines at the Airport and arrested two persons at the Airport.



Cocaine concealed in the inner layer of the suitcase

- Seized 3.8 kg of cocaine with a retail value of HK\$4.4 million from a false compartment of the suitcase of an incoming passenger arriving from Brazil via Ethiopia at the Airport.



Cocaine found in the false compartment of the suitcase

- Seized 16 kg of cocaine with a retail value of HK\$18.6 million concealed in bed linens, coffee powder and flour in suitcases of two incoming passengers arriving from Peru via Brazil, Ethiopia and Thailand at the Airport and arrested one person in Tai Kok Tsui.



Cocaine concealed in bed linens, coffee powder and flour

## October 2015

- Seized 3.5 million illicit cigarettes with a retail value of HK\$9.3 million from a cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were found mixed-loaded with general cargoes onboard the incoming vehicle with false declaration.



Illicit cigarettes found mixed-loaded with general cargoes onboard the incoming vehicle

- Seized 1.4 million illicit cigarettes with a retail value of HK\$3.8 million from a cross-boundary container truck at Lok Ma Chau Control Point. The cigarettes were concealed in a false compartment onboard the incoming vehicle.



Illicit cigarettes found concealed in false compartment onboard the incoming vehicle

- Seized a total of 12 kg of ketamine concealed inside the steam cleaner of an incoming lorry with a retail value of HK\$ 1.75 million at Man Kam To Control Point.



Ketamine found concealed inside the steam cleaner onboard the lorry

- Seized a large batch of assorted frozen food including abalone, beef and crab leg valued at HK\$ 3.83 million on board a fishing vessel off Cheung Chau. Two persons were arrested.



Assorted frozen food seized



- Seized 1 008 033 kg of rosewood (endangered species) valued at HK\$ 40.3 million onboard an ocean going vessel arriving from Zanzibar, Tanzania.



Rosewood found inside the cargo hold of the vessel

- Seized a large number of counterfeit shorts and jerseys with a retail value of HK\$3.98 million from a transshipment container destined for Santo Tomas de Castilla, Guatemala from the Mainland via Hong Kong.



Seized counterfeit clothing

- Seized 1.6 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from Nigeria via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1.5 kg of cocaine with a retail value of HK\$1.7 million from the baggage of a passenger arriving from South Africa via the United Arab Emirates at the Airport.



Cocaine concealed inside a box of chocolate biscuits

- Seized 2.6 kg of cocaine with a retail value of HK\$3 million from the rucksack of a passenger arriving from Colombia via Brazil and the United Arab Emirates at the Airport.



Cocaine concealed in the lining of the rucksack

- Seized 1.2 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Nigeria at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Mounted a joint operation with the Hong Kong Police Force, resulting in the seizure of 2 kg of cocaine with a retail value of HK\$2.4 million concealed inside five stone eagle sculptures in a consignment originated from Brazil via Dubai at the Airport.



Cocaine concealed inside a stone eagle sculpture

- Seized 2 kg of cocaine with a retail value of HK\$2.3 million soaked in the lining of two jackets from a cargo consignment arriving from Brazil at the Airport.



Cocaine soaked in the lining of jackets

- Seized 7.4 kg of ketamine with a retail value of HK\$1.1 million concealed inside 86 tinfoil bags in a postal packet destined for the United States at the Airport.



Ketamine concealed inside tinfoil bags

- Presented with an award for Outstanding Public and Private Partnership in the Fight against Counterfeiting by the Intellectual Property Crime Investigators College operated under the International Criminal Police Organization and Underwriters Laboratories.



Group Head (Intellectual Property Investigation (Adm & Support)) Ms Catherine Yip (left) received the Award on behalf of the Hong Kong Customs from Mr Keith Williams, President and CEO, Underwriters Laboratories (UL) (right).

- Seized 1.7 kg of cocaine with a retail value of HK\$1.9 million from an incoming passenger arriving from Nigeria via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment



Pellets of cocaine seized

- Seized 1.5 kg of cocaine with a retail value of HK\$1.7 million from two boxes of assorted foodstuff of an incoming passenger arriving from South Africa via the United Arab Emirates at the Airport.



Cocaine found in two boxes of assorted foodstuff

- Seized 12 kg of ketamine with a retail value of HK\$1.7 million from two speedpost parcels from an incoming lorry driver at Man Kam To Control Point and arrested one person in Tsuen Wan.



Ketamine found in two speedpost parcels

- Seized 11 kg of ketamine, 67 420 assorted dangerous drugs pills and 2 400 assorted pharmaceutical products with a retail value of HK\$1.7 million from outbound parcels in North Point.



Ketamine, assorted dangerous drugs pills and assorted pharmaceutical products found from outbound parcels

- Seized 2.6 kg of cocaine with a retail value of HK\$3 million from a false compartment of a rucksack of an incoming passenger arriving from Brazil via the United Arab Emirates at the Airport.



Cocaine found from the false compartment of the rucksack

- Mounted a joint operation with United States authorities resulting in the seizure of 5.6 kg of gamma-butyrolactone with two persons arrested in the United States.

## November 2015

- Seized 7.7 million illicit cigarettes with a retail value of HK\$20.8 million from a 40-foot container at Kwai Chung Customhouse.



Illicit cigarettes found inside the 40-foot container

- Seized 914 mobile phones worth HK\$5.6 million from one outbound container tractor at Man Kam To Control Point, two outbound container lorries at Lok Ma Chau Control Point, and one repackaging centre in Yuen Long. Seven syndicate members were arrested for conspiracy to export unmanifested cargoes.



Mobile phones seized and the repacking centre

- Seized 1 543 used mobile phones worth HK\$3.9 million from two outgoing cross-boundary lorries in two significant smuggling cases at Lok Ma Chau Control Point.



False compartments found at an axle of one cross-boundary lorry

- Seized a total of 4.8 L of liquid cocaine in bottles found inside a carrying bag from an incoming private car with a retail value of HK\$ 4.9 million at Shenzhen Bay Control Point.



Liquid cocaine found in bottles inside the carrying bag

- Seized 4 kg of methamphetamine with a retail value of HK\$1.3 million from an incoming passenger at Lo Wu Control Point.



Methamphetamine seized

- Seized 1.3 kg of cocaine with a retail value of HK\$1.3 million from the briefcase of a passenger arriving from South Africa via Qatar at the Airport.



Cocaine concealed in the lining of the briefcase

- Seized 0.9 kg of heroin with a retail value of HK\$1.4 million from a passenger arriving from Kenya via Qatar at the Airport. The heroin was smuggled by way of internal concealment.



Pellets of heroin swallowed by the passenger



- Seized 8 kg of ketamine with a retail value of HK\$1 million concealed inside food packages in two postal parcels destined for the United States at the Airport.



Ketamine concealed inside food packages

- Seized 4 kg of methamphetamine and 43 tabs of midazolam with a retail value of HK\$1.3 million from four boxes of foodstuff of an incoming passenger at Lo Wu Control Point.



Methamphetamine seized

- Seized 1.3 kg of cocaine with a retail value of HK\$1.3 million from a false compartment of the briefcase of an incoming passenger arriving from South Africa via Qatar at the Airport.



Cocaine found from the false compartment of the briefcase

- Seized 1.8 kg of heroin with a retail value of HK\$1.4 million from an incoming passenger arriving from Uganda via Kenya and Qatar at the Airport. The heroin was smuggled by way of internal concealment.



Pellets of heroin seized

- Mounted a joint operation with Indonesian authorities resulting in the seizure of 362 kg of methamphetamine with four persons arrested in Indonesia.

## December 2015

- The Commissioner of Customs and Excise led an 8-member delegation to attend the 2014-15 Review Meeting with the Guangdong Sub-administration of the General Administration of Customs of the People's Republic of China (GSAC) in Guangzhou.



The 2014-15 Review Meeting with the GSAC in Guangzhou

- Participated and ran a game booth for anti-drug promotion in the 2015-16 Eastern District Fight Crime Beat Drug and Support Rehabilitation Carnival.



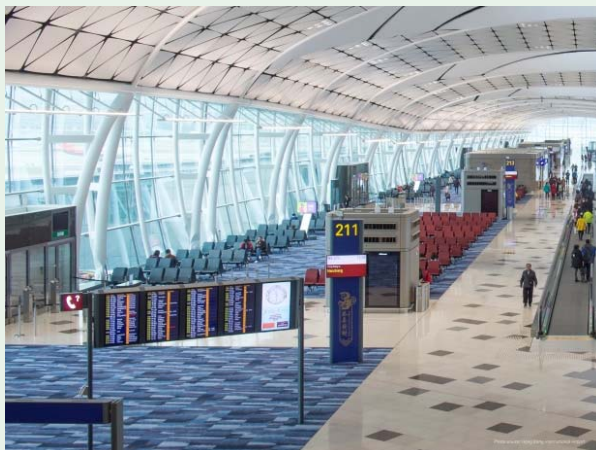
The 2015-16 Eastern District Fight Crime Beat Drug and Support Rehabilitation Carnival

- Held the “I Pledge · YAS Ambassador of the Year 2015 Award Presentation Ceremony”.



Mr Roy Tang, Commissioner of Customs and Excise (seven from right), and other guests at the ceremony

- Phase 1 of the Midfield Expansion of the Hong Kong International Airport commenced operation.



Midfield Expansion of the Hong Kong International Airport

- Seized a total of 19 million illicit cigarettes with a retail value of HK\$52 million from two 40-foot transshipment containers through intelligence cooperation with Her Majesty's Revenue and Customs of the United Kingdom.



Illicit cigarettes found inside one 40-foot transshipment container

- Seized a total of 2.8 million illicit cigarettes with a retail value of HK\$7.58 million from a cross-boundary lorry in a smuggling case at Lok Ma Chau Control Point. The cigarettes were found mixed-loaded with general cargoes and placed in the inner part of cargo compartment.



Illicit cigarettes found in the inner part of cargo compartment with plastic accessories camouflaged at the front

- Seized 2 560 central processing units worth HK\$4.6 million from the rear axle of an outgoing cross-boundary lorry at Man Kam To Control Point.



Central processing units found in a false compartment at the rear axle of the lorry

- Seized 4.23 kg of ketamine, 43 570 dangerous drugs, 10 580 Part I Poison tablets and 324 bottles of Part I Poison injections with a retail value of HK\$1.41 million from a parcel originated from Pakistan at the Air Mail Centre.



Ketamine, assorted dangerous drugs and Part I Poison tablets and injections found from the parcel

- Seized around 9.5 million cigarettes with a retail value of about HK\$25 million from a container declared as “furniture” from the United Arab Emirates at Kwai Chung containerized cargo examination compound.



Illicit cigarettes seized at Kwai Chung containerized cargo examination compound

- Seized 9 200 kg of red sandalwood from a container imported from India with a retail value of HK\$ 5.7 million.



Seized red sandalwood

- The Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme) was launched on 20 December 2015 which is a voluntary scheme aiming to enrich the facilitation service provided under the Economic Cooperation Framework Agreement and facilitate more transshipment cargoes in Hong Kong to enjoy preferential tariff of concerned importing countries through the provision of Customs supervision services and issuance of Certificate of Non-manipulation.



The Deputy Commissioner of Hong Kong Customs, Mr. Tang Yi-hoi Hermes, delivered a welcome speech in the FTA Scheme briefing session.

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from South Africa at the Airport. The cocaine was smuggled by way of concealment inside a tin can of whisky.



Pellets of cocaine concealed inside the tin can of whisky

- Seized 1.2 kg of cocaine (in liquid form) with a retail value of HK\$1.3 million from a passenger arriving from Peru via Brazil at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of liquid cocaine swallowed by the passenger

- Seized 3.7 kg of cocaine with a retail value of HK\$4 million from a passenger arriving from Turkey via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside tin cans of whisky and chocolate.



Cocaine concealed inside tin cans of whisky and chocolate

- Seized 2.7 kg of cocaine with a retail value of HK\$2.9 million from a passenger arriving from Uganda via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside tin cans of whisky.



Cocaine concealed inside tin cans of whisky

- Seized 296 kg of ivory cut pieces with a retail value of HK\$2.9 million in a cargo consignment from Namibia to Malaysia transhipped via Hong Kong at the Airport.



Seized ivory cut pieces

- Seized 0.8 kg of cocaine with a retail value of HK\$1 million soaked in the lining of a jacket from a cargo consignment arriving from Brazil at the Airport.



Cocaine soaked in the lining of the jacket

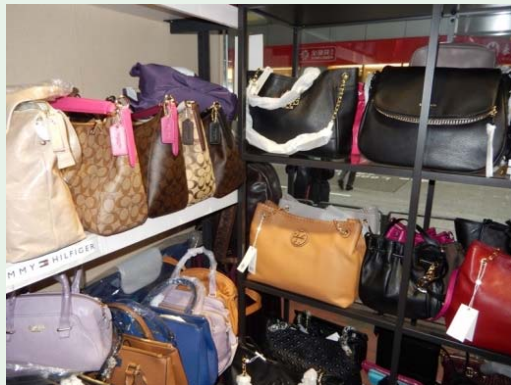


- Seized 1.5 kg of cocaine with a retail value of HK\$1.6 million camouflaged as health products in a postal parcel originated from Paraguay at the Airport.



Cocaine camouflaged as health products

- Raided two retail shops selling suspected counterfeit leather goods in North Point and Wan Chai. In the operation, over 300 counterfeit leather goods valued at HK\$1.4 million were seized. Three persons were arrested.



Counterfeit goods seized in the shops

- Conducted a strike-and-search operation at a retail shop with a hidden storage for the customers to select counterfeit products in Admiralty. More than 600 pieces of counterfeit goods valued at about \$1.05 million were seized. Two persons were arrested.



Counterfeit goods seized in the shop

- Conducted a strike-and-search operation in Kwun Tong and Ngau Tau Kok and smashed a wholesale syndicate suspected of storing for sale counterfeit medicines, poisons and pharmaceutical products containing dangerous drugs. The operation resulted in the largest seizure of counterfeit medicines in a decade, with 787 425 pills with a retail value of \$31 million. Two persons were arrested.



Seized pills at the operation

- Seized 62 kg of liquid cocaine with a retail value of HK\$65.5 million from an industrial mixer arriving from Colombia via the United States at the Airport. Three persons were arrested.



Liquid cocaine concealed in the industrial mixer

- Seized 3.8 kg of cocaine in 199 pellets with a retail value of HK\$4 million from three metal cans of an incoming passenger arriving Uganda via Turkey and the United Arab Emirates at the Airport.



Cocaine found from three metal cans

- Seized 2.7 kg of cocaine in 137 pellets with a retail value of HK\$2.9 million from two metal cans of an incoming passenger arriving Uganda via the United Arab Emirates at the Airport.



Cocaine found from two metal cans

# Appendices



**CUSTOMS AND EXCISE DEPARTMENT**

**Organization Chart of the  
Customs and Excise Department**

As at 31 December 2015

Commissioner

Roy TANG Yun-kwong

Deputy Commissioner

YU Koon-hing

Office of  
Service Quality and  
Management Audit

Establishment = 13

Internal Audit Division

Establishment = 5

Assistant Commissioner  
( Administration and Human Resource Development )

LIN Shun-yin

Assistant Commissioner  
( Boundary and Ports )

TANG Yi-hoi

Assistant Commissioner  
( Excise and Strategic Support )

TAM Yat-keung

Assistant Commissioner  
( Intelligence and Investigation )

HO Shi-king

Head of Trade Controls

LAM Po-chuen

Office of  
Prosecution and  
Management Support

Establishment = 58

Office of  
Service Administration

Establishment = 80

Office of  
Training and  
Development

Establishment = 95

Office of  
Departmental  
Administration

Establishment = 108

Office of  
Financial  
Administration

Establishment = 90

Complaints  
Investigation Group

Establishment = 6

Airport Command

Establishment = 1,007

Land Boundary  
Command

Establishment = 1,235

Ports and Maritime  
Command

Establishment = 754

Rail and Ferry  
Command

Establishment = 572

Office of  
Customs Affairs and  
Co-operation

Establishment = 29

Office of  
Dutiable Commodities  
Administration

Establishment = 150

Office of  
Information Technology

Establishment = 91

Office of  
Project Planning and  
Development

Establishment = 16

Office of  
Supply Chain  
Security Management

Establishment = 14

Information Unit

Establishment = 1\*

\*Excluding 3 posts on loan from  
Information Services Department

Customs Drug  
Investigation Bureau

Establishment = 262

Intellectual Property  
Investigation Bureau

Establishment = 253

Intelligence Bureau

Establishment = 189

Revenue and General  
Investigation Bureau

Establishment = 212

Syndicate Crimes  
Investigation Bureau

Establishment = 201

Consumer Protection  
Bureau

Establishment = 90

Trade Descriptions  
Investigation Bureau

Establishment = 91

Trade Declaration and  
Systems Bureau

Establishment = 80

CEPA and  
Trade Inspection  
Bureau

Establishment = 150

Trade Investigation  
Bureau

Establishment = 63

Money Service  
Supervision Bureau

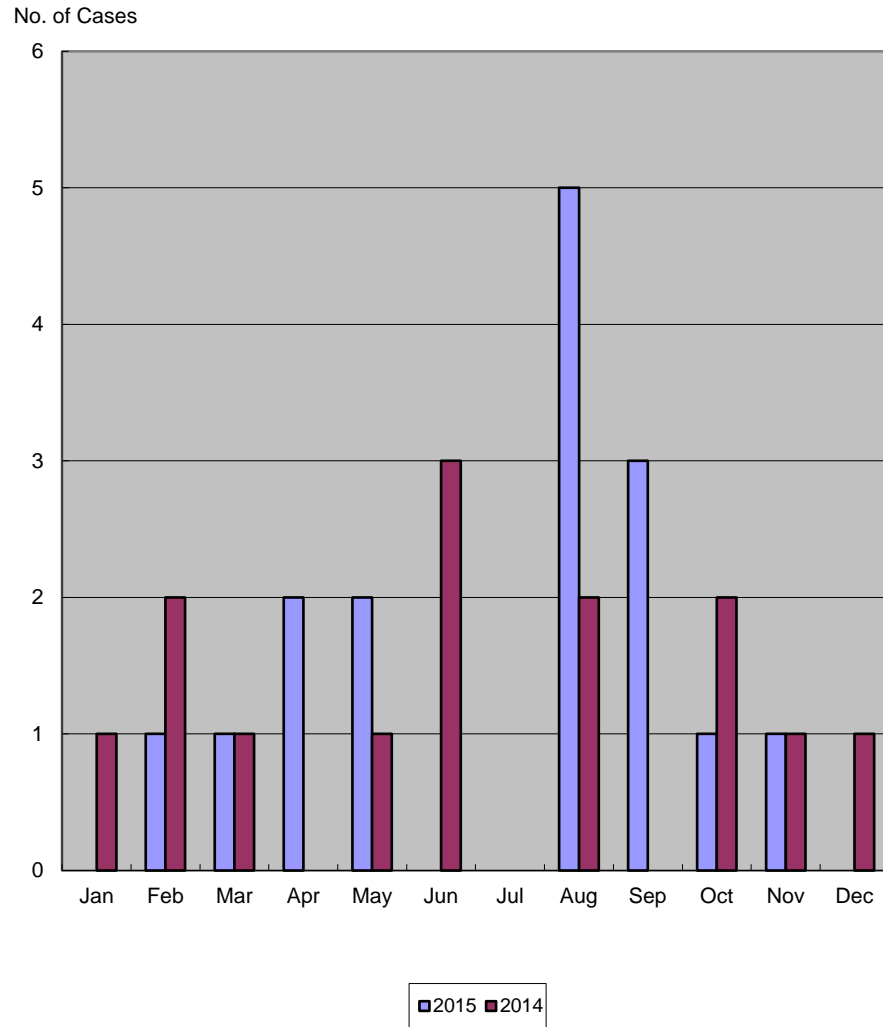
Establishment = 39

## Establishment and Strength Position

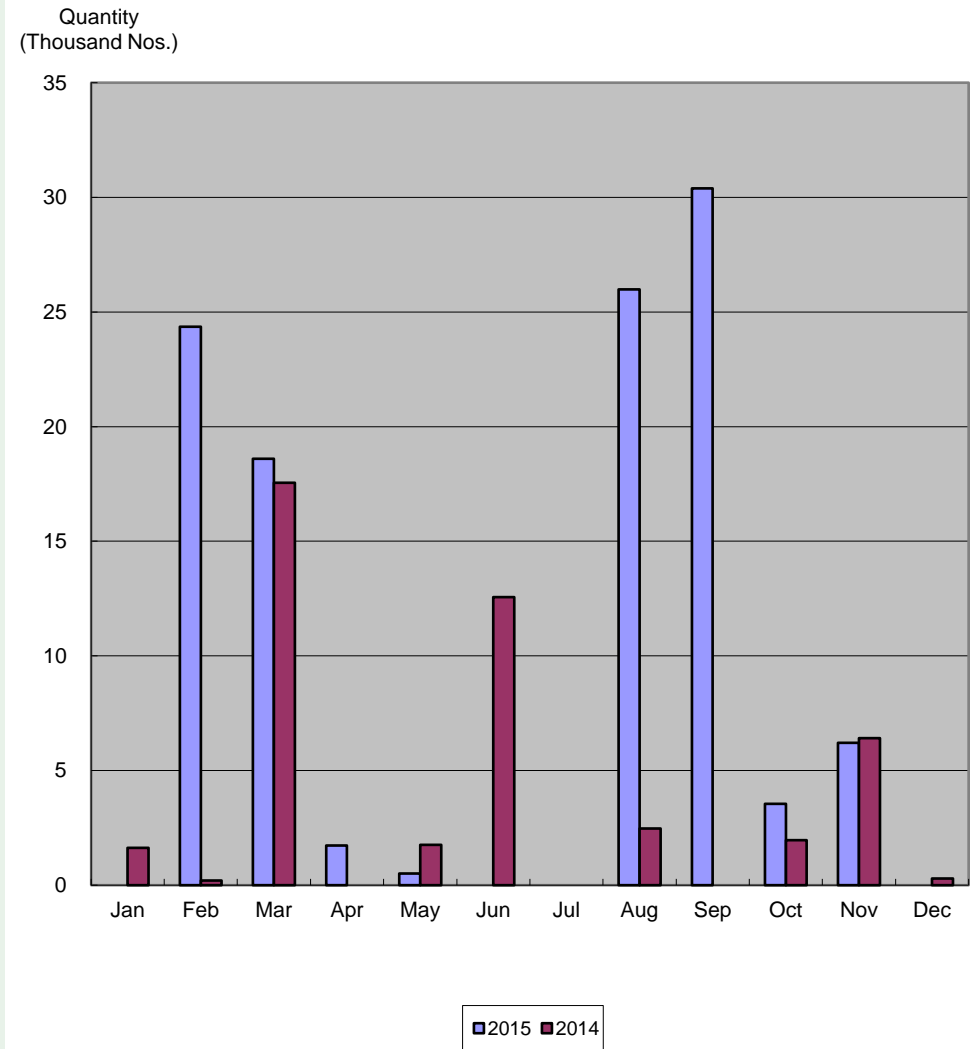
Category/Grade	2014		2015	
	(as at 31 December 2014)		(as at 31 December 2015)	
	Establishment (No.)	Strength (No.)	Establishment (No.)	Strength (No.)
Directorate Posts	9	10	9	8
Sub-total	9	10	9	8
<b>Departmental Grades</b>				
Superintendent/Inspector of Customs and Excise Grades	929	893	937	938
Customs Officer Grade	3,881	3,777	3,906	3,791
Trade Controls Officer Grade	500	487	476	465
Sub-total	5,310	5,157	5,319	5,194
<b>General and Common Grades</b>				
Executive Officer/Training Officer Grades	28	29	29	29
Treasury Accountant/Accounting Officer Grades	13	14	14	15
Official Languages Officer/Calligraphist Grades	19	19	19	18
Statistician/Statistical Officer Grades	5	5	5	5
Secretarial Grades	44	42	42	41
Clerical Grades	285	275	288	283
Supplies Grades	55	55	55	58
Others	190	173	187	170
Sub-total	639	612	639	619
<b>Total</b>	<b>5,958</b>	<b>5,779</b>	<b>5,967</b>	<b>5,821</b>

Statistics on Infringing Optical Disc Cases

No. of Infringing Optical Disc Cases (2015 vs 2014)

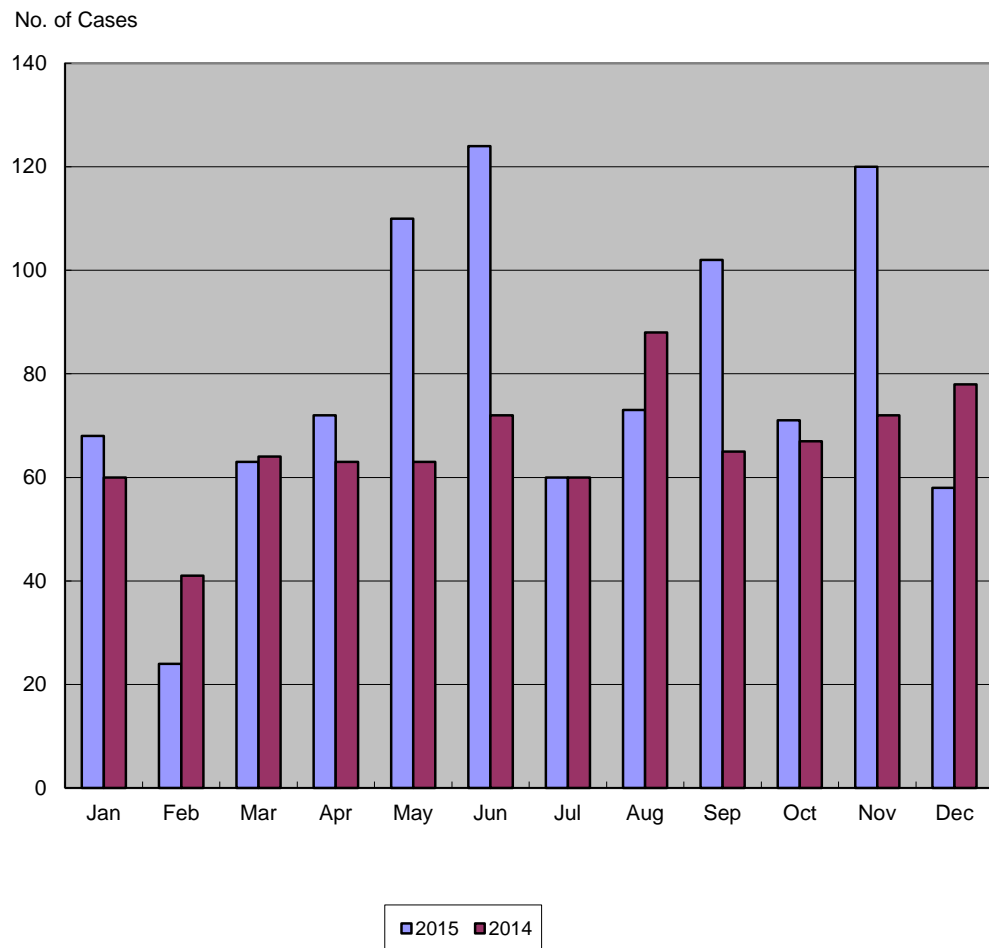


Quantity of Infringing Optical Disc Seized (2015 vs 2014)

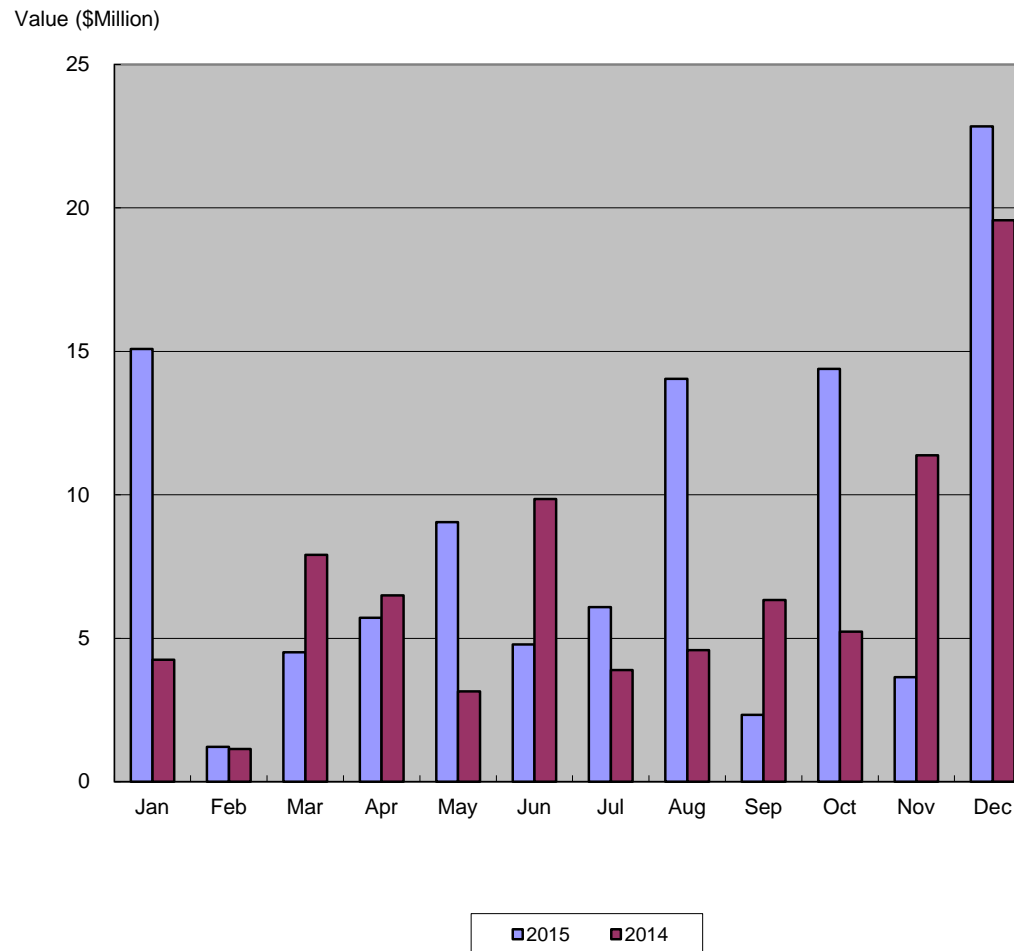


### Statistics on Forged Trade Mark Cases

No. of Forged Trade Mark Cases (2015 vs 2014)



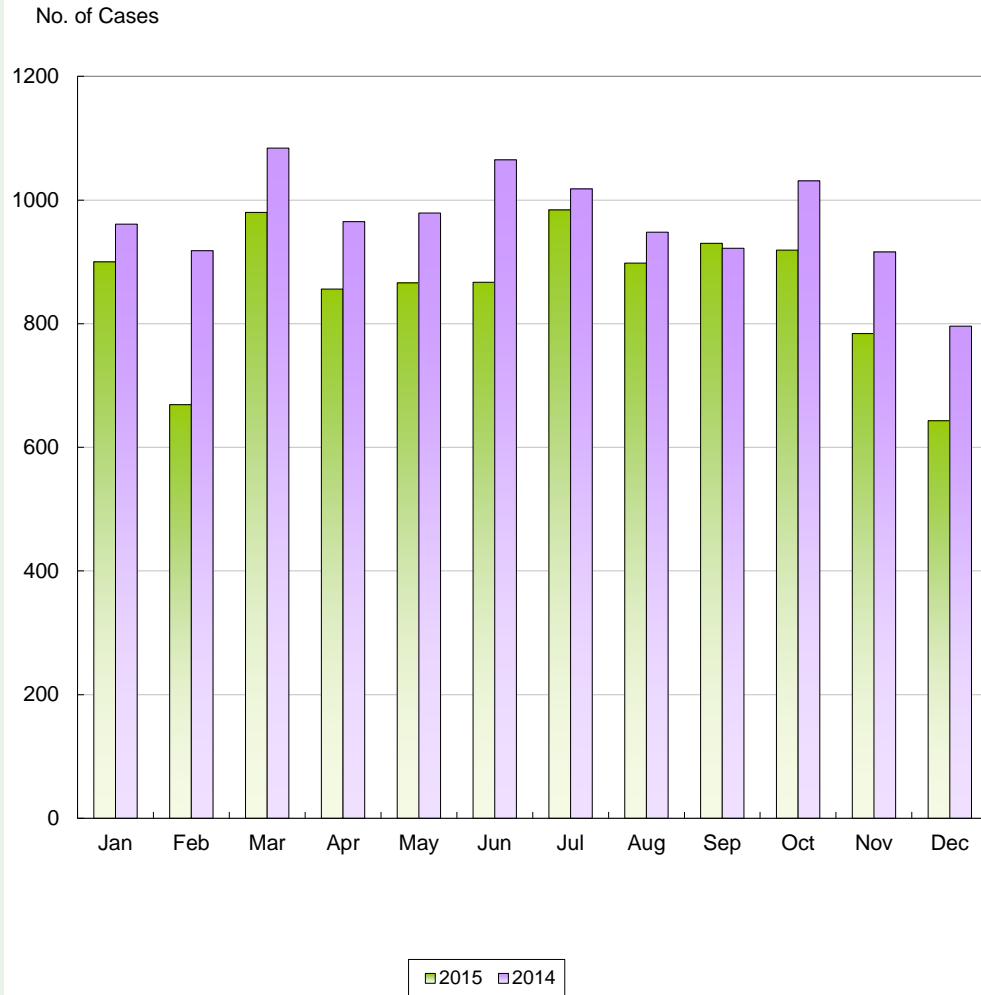
Value of Forged Trade Mark Goods Seized (2015 vs 2014)



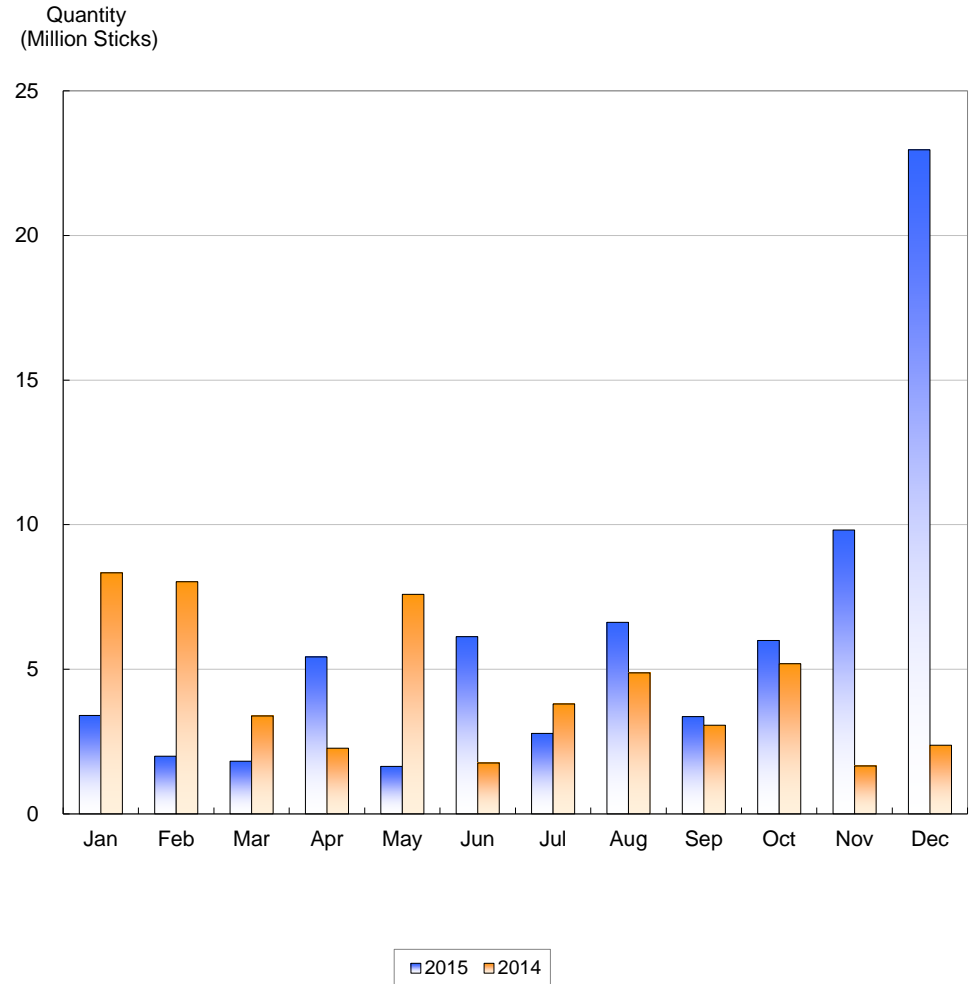


### Result of Anti-cigarette Smuggling Operations

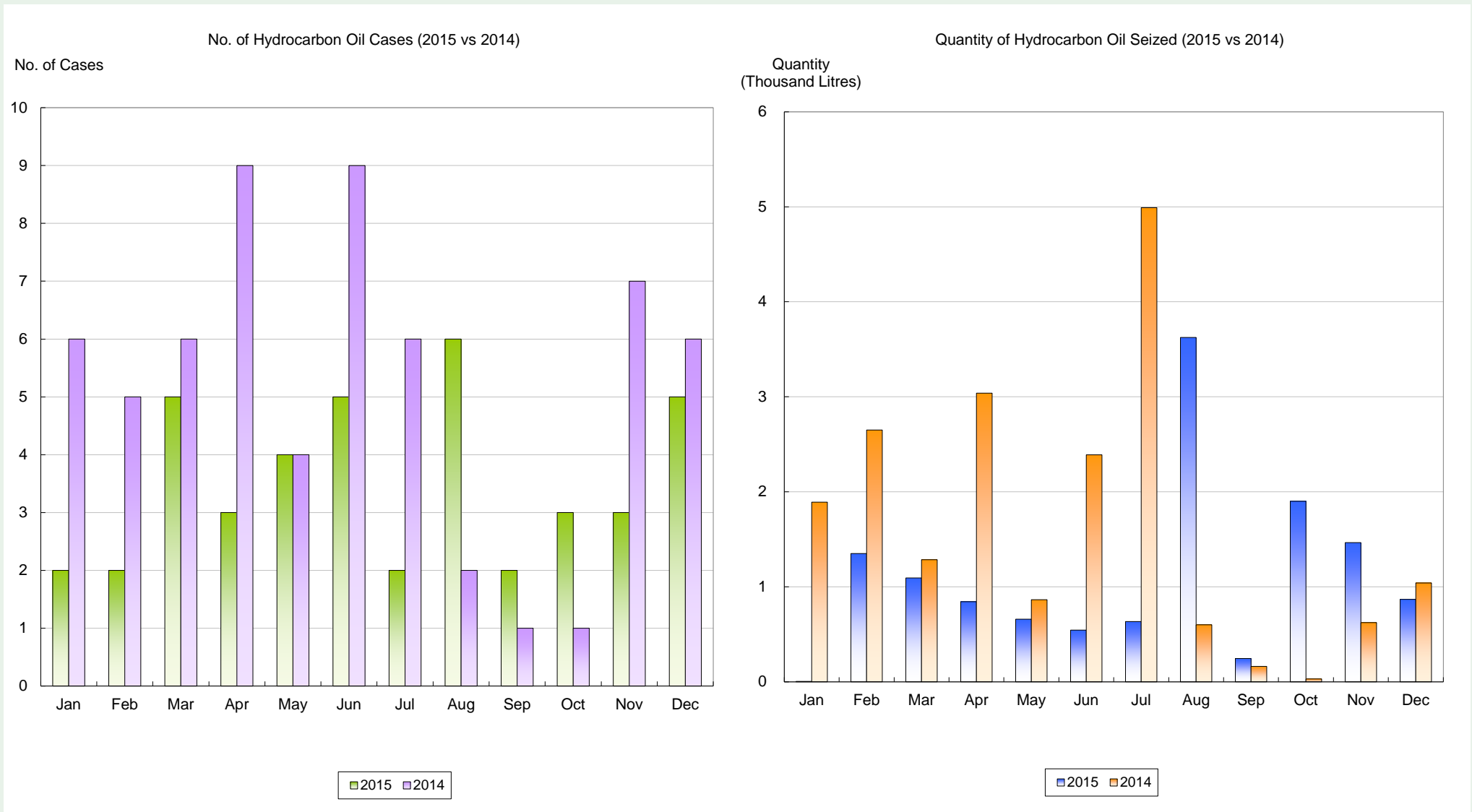
No. of Cigarette Smuggling Cases (2015 vs 2014)



Quantity of Smuggled Cigarettes Seized (2015 vs 2014)



### Result of Hydrocarbon Oil Enforcement Operations



## Legislation under which Customs staff can act

1	Interpretation and General Clauses Ordinance	Cap. 1
2	Import and Export Ordinance	Cap. 60
3	Weights and Measures Ordinance	Cap. 68
4	Post Office Ordinance	Cap. 98
5	Telecommunications Ordinance	Cap. 106
6	Dutiable Commodities Ordinance	Cap. 109
7	Immigration Ordinance	Cap. 115
8	Public Revenue Protection Ordinance	Cap. 120
9	Public Health and Municipal Services Ordinance	Cap. 132
10	Pesticides Ordinance	Cap. 133
11	Dangerous Drugs Ordinance	Cap. 134
12	Antibiotics Ordinance	Cap. 137
13	Pharmacy and Poisons Ordinance	Cap. 138
14	Public Health (Animals and Birds) Ordinance	Cap. 139
15	Control of Chemicals Ordinance	Cap. 145
16	Crimes Ordinance	Cap. 200
17	Plant (Importation and Pest Control) Ordinance	Cap. 207
18	Weapons Ordinance	Cap. 217
19	Magistrates Ordinance	Cap. 227
20	Police Force Ordinance	Cap. 232
21	Firearms and Ammunition Ordinance	Cap. 238
22	Marine Fish (Marketing and Exportation) Regulations	Cap. 291A
23	Dangerous Goods Ordinance	Cap. 295
24	Reserved Commodities Ordinance	Cap. 296
25	Air Pollution Control Ordinance	Cap. 311
26	Shipping and Port Control Ordinance	Cap. 313
27	Industrial Training (Clothing Industry) Ordinance	Cap. 318
28	Protection of Non-Government Certificates of Origin Ordinance	Cap. 324
29	Motor Vehicles (First Registration Tax) Ordinance	Cap. 330
30	Customs and Excise Service Ordinance	Cap. 342
31	Waste Disposal Ordinance	Cap. 354
32	Trade Descriptions Ordinance	Cap. 362
33	Smoking (Public Health) Ordinance	Cap. 371
34	Control of Obscene and Indecent Articles Ordinance	Cap. 390
35	Ozone Layer Protection Ordinance	Cap. 403
36	Drug Trafficking (Recovery of Proceeds) Ordinance	Cap. 405
37	Rabies Ordinance	Cap. 421
38	Toys and Children's Products Safety Ordinance	Cap. 424
39	Organized and Serious Crimes Ordinance	Cap. 455
40	Consumer Goods Safety Ordinance	Cap. 456
41	Fugitive Offenders Ordinance	Cap. 503
42	Mutual Legal Assistance in Criminal Matters Ordinance	Cap. 525
43	Weapons of Mass Destruction (Control of Provision of Services) Ordinance	Cap. 526
44	Copyright Ordinance	Cap. 528
45	United Nations Sanctions Ordinance	Cap. 537
46	Prevention of Copyright Piracy Ordinance	Cap. 544
47	Merchant Shipping (Local Vessels) Ordinance	Cap. 548
48	Chinese Medicine Ordinance	Cap. 549
49	Broadcasting Ordinance	Cap. 562
50	United Nations (Anti-Terrorism Measures) Ordinance	Cap. 575
51	Chemical Weapons (Convention) Ordinance	Cap. 578
52	Prevention of Child Pornography Ordinance	Cap. 579
53	Protection of Endangered Species of Animals and Plants Ordinance	Cap. 586
54	Interception of Communications and Surveillance Ordinance	Cap. 589
55	Food Safety Ordinance	Cap. 612
56	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance	Cap. 615

## Actual revenue for 2014-15 and 2015-16

	Actual Revenue	
	2014-15	2015-16
	HK\$'000	HK\$'000
<b>Duties</b>		
Hydrocarbon Oils	3,529,197	3,744,192
Tobacco	6,068,965	6,532,783
Alcoholic Beverages	406,078	430,578
Other Alcoholic Products	5,503	4,038
<b>Sub-total</b>	<b>10,009,743</b>	<b>10,711,591</b>
<b>Fees charged under Dutiable Commodities Ordinance</b>		
Licence Fees	4,785	5,059
Attendance Fees	441	479
Denaturing Fees	230	299
Storage Fees	0	0
<b>Sub-total</b>	<b>5,456</b>	<b>5,837</b>
<b>Trade Declaration Charges</b>		
Imports and Exports Declaration Charges	912,927	866,297
Clothing Levy Service Charges (see Note)	70	53
Penalties	84,821	76,098
<b>Sub-total</b>	<b>997,818</b>	<b>942,448</b>
<b>Miscellaneous</b>	<b>71,384</b>	<b>69,328</b>
<b>Total</b>	<b>11,084,401</b>	<b>11,729,204</b>

Note : Clothing Industry Training Levy collected on behalf of the  
Clothing Industry Training Authority

423

249

## Actual expenditure for 2014-15 and 2015-16

	Actual Expenditure	
	2014-15	2015-16
	HK\$'000	HK\$'000
<b>Operating Account</b>		
Personal Emoluments		
Salaries	2,333,374	2,447,504
Allowances	57,459	62,720
Job-related allowances	9,870	10,362
<b>Sub-total</b>	<b>2,400,703</b>	<b>2,520,586</b>
Other Expenses		
Personnel related expenses	84,777	105,746
Rewards and special services	11,773	12,876
General departmental expenses	568,835	582,635
Land usage cost	3,908	3,910
Grant to the Customs and Excise Service Welfare Fund	278	287
Seizure management	36,313	44,456
<b>Sub-total</b>	<b>705,884</b>	<b>749,910</b>
<b>Capital Account</b>		
Plant, vehicles and equipment	18,321	11,490
Minor plant, vehicles and equipment	17,613	10,396
<b>Sub-total</b>	<b>35,934</b>	<b>21,886</b>
<b>Total</b>	<b>3,142,521</b>	<b>3,292,382</b>

## Case Statistics (2014)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Consumer Goods Safety	50	-	278
Control of Chemicals	4	-	1,500
Copyright / Prevention of Copyright Piracy	60	87	3,016
Criminal Procedure	2	7	25,058
Customs & Excise Service	29	40	2,405
Dangerous Drugs	797	442	427,655
Dangerous Goods	6	11	329
Dutiable Commodities	19 447	11 923	91,886
Firearms & Ammunition	81	21	505
Immigration	93	129	7,429
Import & Export	5 411	5 260	544,968
Merchant Shipping (local vessels)	12	30	1,561
Organized & Serious Crimes	2	5	37
Ozone Layer Protection	1	-	26
Pharmacy & Poisons	88	41	11,994
Plant (Importation & Pest Control)	2	1	4
Protection of ES of Animals & Plants	460	353	89,795
Public Health & Municipal Services	311	294	218
Public Health (Animals & Birds)	8	7	17
Rabies	17	16	6
Reserved Commodities	22	12	324
Shipping and Port Control	1	1	6,020
Telecommunication	7	-	96
Toys & Children's Products Safety	46	-	29
Trade Descriptions	1 076	752	93,264
Waste Disposal	35	-	4,364
Weapons	53	22	1,725
Weights & Measures	177	-	268
Other Ordinances	98	58	8,938
<b>All Ordinances *</b>	<b>28 051</b>	<b>19 161</b>	<b>1,222,037</b>

## Case Statistics (2015)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	2	-	2
Antibiotics	21	-	4,844
Consumer Goods Safety	66	6	429
Control of Chemicals	10	1	77
Copyright / Prevention of Copyright Piracy	118	159	4,157
Criminal Procedure	2	-	53
Customs & Excise Service	15	14	3
Dangerous Drugs	752	364	465,287
Dangerous Goods	9	7	262
Dutiable Commodities	17 291	10 679	76,460
Firearms & Ammunition	68	12	2,494
Immigration	72	106	4,792
Import & Export	4 972	4 603	501,136
Merchant Shipping (local vessels)	10	25	18
Organized & Serious Crimes	3	22	10,994
Ozone Layer Protection	1	1	2
Pesticides	4	3	210
Pharmacy & Poisons	82	43	43,046
Plant (Importation & Pest Control)	8	1	16
Protection of ES of Animals & Plants	395	233	136,969
Protection of Non-Govt. Cert. of Origin	1	-	162
Public Health & Municipal Services	406	326	703
Public Health (Animals & Birds)	9	5	5
Public Order	4	3	1
Rabies	12	11	40
Reserved Commodities	50	15	397
Telecommunication	22	6	593
Toys & Children's Products Safety	42	-	25
Trade Descriptions	1 098	906	111,937
Waste Disposal	40	-	6,131
Weapons	21	10	938
Weights & Measures	80	-	60
Other Ordinances	107	75	4
<b>All Ordinances *</b>	<b>25 403</b>	<b>17 278</b>	<b>1,232,254</b>

\* Actual total. A case may involve more than one ordinance. Hence, the total of all ordinances cannot add up to the actual total.

## Major Seized Items

Ordinance Major Seized Item	2014		2015	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
<b>Dangerous Drugs <sup>(1)</sup></b>				
Heroin (kg)	39.6	31,772	10.8	8,239
Opium (kg)	-	-	2.2	648
Cannabis (kg)	66.9	8,633	72.0	10,126
Ketamine (kg)	126.5	15,676	272.1	36,330
Cocaine (kg)	103.9	132,113	228.3	244,864
Methamphetamine (kg)	416.3	187,252	275.0	109,680
MDMA (tablet)	-	49	14.0	143
Synthetic Cathinones (bath salts) (kg)	226.1	47,203	123.5	24,368
Other psychotropic drugs (tablet)	66 447	889	100 007	13,228
<b>Dutiable Commodities <sup>(2)</sup></b>				
Cigarette (mille)	54 421	138,273	73 314	195,482
Other tobacco (kg)	12 815	2,194	1 570	1,951
Hydrocarbon oil ('000 litre)	20	288	13	154
Liquor ('000 litre)	7	1,640	10	3,041
<b>Import &amp; Export</b>				
Mobile phone (no.)	258 487	87,127	94 393	72,286
Motor vehicle (no.) <sup>(3)</sup>	134	15,351	55	15,407
Vessel / speedboat (no.)	30	729	23	704
<b>Copyright</b>				
Optical disc ('000 no.)	45	978	111	2,732
Book and printing material (no.)	9 951	738	9	1
<b>Counterfeit Goods</b>				
Garment and accessories ('000 pc)	342	20,315	215	19,316
Leather goods ('000 pc)	51	6,886	47	12,630
Watch and parts ('000 no.)	166	19,094	17	4,200
Footwear ('000 pairs)	78	14,230	68	10,434
Pharmaceutical products ('000 no.)	176	4,390	164	13,271
Electronic, electrical & computer goods ('000 no.)	71	5,635	617	37,401
<b>Others</b>				
Ivory & related products (kg)	2 215	21,160	1 588	15,297
Fireworks (kg)	28	0.8	39	2
Pornographic optical disc/ video tape (no.)	682	10	-	-
Firearms and parts (no.)	510	75	60	70

(1) The estimated value of seized items includes dangerous drugs measured in different units of measurement.

(2) Include all ordinances

(3) Exclude dismantled/compressed vehicles and bicycles.

**Stop & Search of Persons / Vehicles and Road Block Operations**

		2014	2015
<b>1. At Control Points</b>			
(i)	No. of persons stopped and searched	95 580	100 720
(ii)	No. of vehicles checked	423 710	448 470
<b>2. Road Block and Road Check Operations</b>			
(i)	No. of operations	-	-
(ii)	No. of vehicles checked	-	-



## Training and Development Activities

Appendix 13

Programme	No. of classes	
	2014	2015
<b>Induction and Continuation</b>		
Induction Course:		
<i>For probationary Inspectors</i>	6	5
<i>For probationary Customs Officers</i>	16	11
<i>For probationary Assistant Trade Controls Officers</i>	2	1
Continuation Course:		
<i>For probationary Inspectors</i>	2	3
<b>Functional Competency</b>		
<i>For C&amp;E Service Members</i>		
Legal Training Workshop for Inspectorate Officers		
Raiding Techniques Course	4	2
Criminal Intelligence Analysis Training		2
Standard Criminal Investigation Course	3	4
Commercial Crime Investigation Course	3	3
Accident Investigation & Prevention Course	1	2
Basic Safety Management Course	1	1
Seminar on Administrative Laws		
Raiding, Apprehension and Escort (RAE) Course for Frontline Officers	5	7
Safe Handling of Chemicals Course	1	1
Safe Use of Display Screen Equipment Course	1	
Certificate of Competence in Manual Handling Course	2	2
Seafreight Operation Course	1	1
Import and Export Trade Practices Course	1	1
Dog Bite Safety Course	2	1
Office Safety Course	1	1
Prevention of Heat Stroke at Work in a Hot Environment Course	1	1
Mental Health First Aid Course	1	1
i2 Analysts Notebook and iBridge User Training Course	1	2
Information Security Essentials: Trends & Latest Updates	1	1
Mental Health First Aid Standard Course Extension - Peer Counseling & Skills	1	1
Workshop on Handling of Problem Gambling	1	1
Health Hints on the Use of Display Screen Equipment		
General Training Course on Occupational Safety and Health		1
Experience Sharing Seminar on Occupational Safety and Health	1	
Safety Inspection Course	1	1
Basic Occupational Health Course	1	
Basic Risk Assessment Course	2	1
Intelligence & Investigation Course	5	3
Training Course for Health and Welfare Managers		1
Conflict Management Course	1	2
Advanced Legal Training Course for Prosecution Liaison Officers / OC Cases	1	
Train-the-Trainer Course on Video Interview System	1	1
Train-the-Trainer Course on X-ray Screener	1	2
Train-the-Trainer Course on Trace Contraband Detector	3	1
Cargo Processing Course	3	12
Passenger Processing Course	4	9
Foot Drill Instructor Course		1
Use of Force Instructors' Course		1
Use of Force Instructors' Update Course		1
Bronze Medallion Lifesaving Course		
Swimming Techniques Training Course		

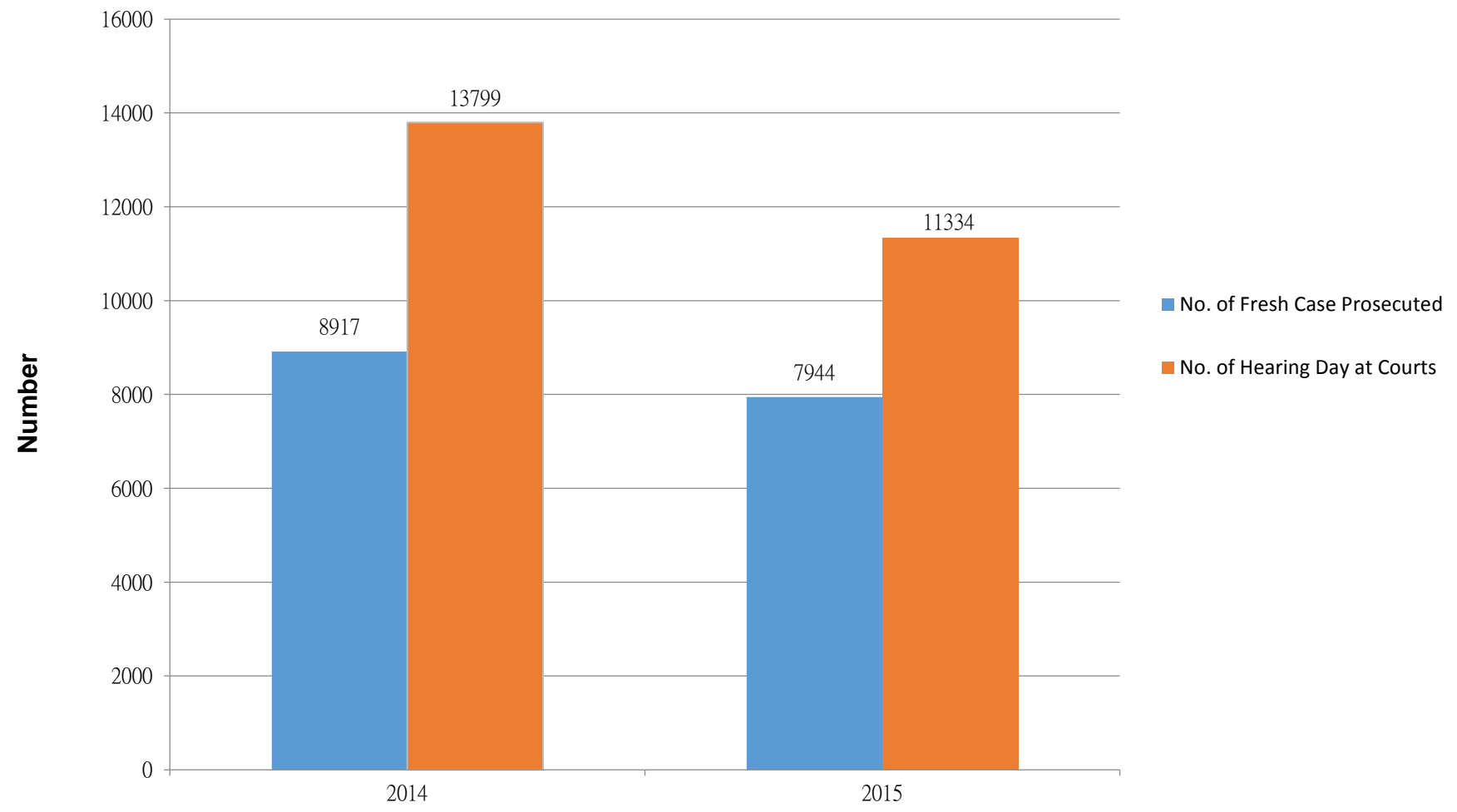
## Training and Development Activities

## Appendix 13

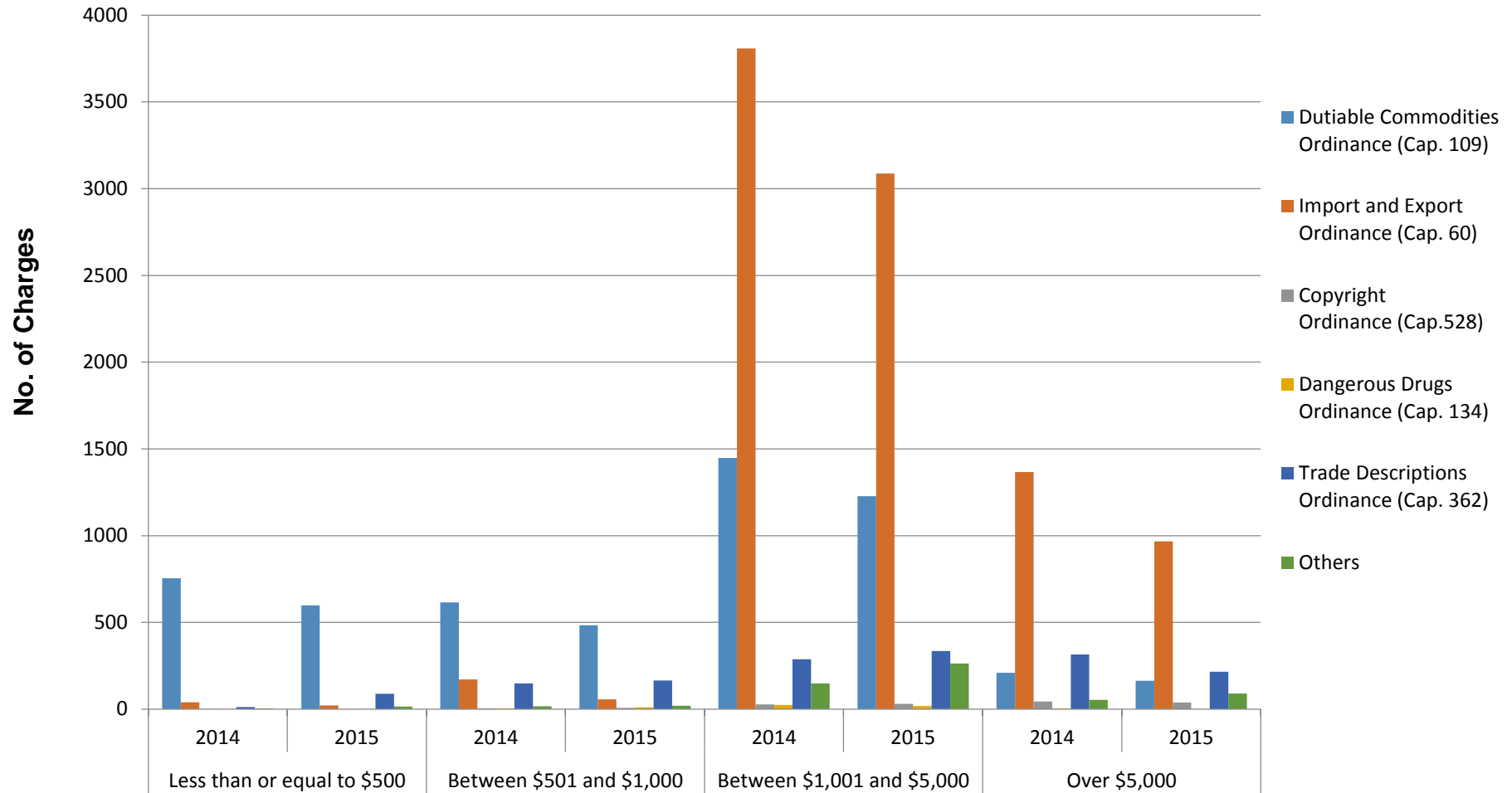
Programme	No. of classes	
	2014	2015
Firearms and Special Equipment Training Courses	27	
Use of Oleoresin Capsicum Foam		
Range Management Course	1	
Arms Cleaning Course		2
HK MP5 Sub-machine Gun Training Course	1	
Annual HK MP5 Sub-machine Gun Refresher Course	4	4
Shotgun Training Course	3	
Annual Shotgun Refresher Course		16
Shotgun Instructor Course		1
HK 53 Sub-machine Gun Training Course	1	2
Annual HK 53 Sub-machine Refresher Course	7	
Thigh Draw Holster Training Course	2	1
Thigh Draw Holster Refresher Course		
Signal Pistol Training Course		
Bus (under 30 seats) Driving Instructor Course	1	
Bus (under 30 seats) Driving Course	3	3
Medium Goods Vehicle Driving Instructor Course	1	
Medium Goods Vehicle Driving Course	3	
Light Goods Vehicle Driving Course		1
<i>For Both C&amp;E Service Members and TCOG Officers</i>		
Enhanced Intelligence and Investigation Course		1
<i>For TCOG Officers</i>		
Mock Court Training		1
Legal Writing for Civil Sanction		1
Basic Control Tactics (RAE) Course		1
Criminal Investigation Techniques Workshop		2
Basic First Aid and Use of Automated External Defibrillator Course	4	
Train-the-Trainer (Facilitation Skills for Managers)	2	1
ROCARS Training Course	1	1
Import and Export Practices and China Cargo Customs Clearance Procedure	1	1
Revision Course on Procedures in Performing Outdoor Duties		
Workshop on Preparation of Prosecution Papers		3
Training Course on "Domain Name System"		
Investigation Techniques in Handling Internet Crime		3
Investigation Course on Unfair Trade Practices		
Course on On-Call Duties Relating to the Handling of Unfair Trade Practices Cases		
Refresher Course on Giving Evidence in Court	1	
Training Seminar on Trade-based Money Laundering	2	
Fund Flow Investigation Course	1	
Training Seminar on AMLO Requirements and the Major Concern in the Coming Mutual Evaluation scheduled to be conducted by FATF on Hong Kong in 2018	1	
<b>Management Development</b>		
<i>For C&amp;E Service Members</i>		
COG Supervisory Course	2	2
Customs Officer Development Course	2	2
Integrity Awareness Seminar	4	4
<i>For Both C&amp;E Service Members and TCOG Officers</i>		
Customs Management Development Course	14	
Customs Command Course	1	1
Valuing Diversity in Workplace	1	

Programme	No. of classes	
	2014	2015
<i>For TCOG Officers</i>		
Managing Self Integrity	2	2
Resilience Building at Work / Building Resilience and Creating a Supportive Working Environment	2	1
Positive Psychology & Customer Service Influencing Skills	1	1
Performance Appraisal Writing for CTCO & STCO	4	
Briefing for Formation Training Personnel	1	
TCO Management & Development Programme / Course (Part I)	1	1
TCO Management & Development Programme / Course (Part II)	1	
Course on Mental Health & Building of Caring Colleagues Culture		1
Team Building and Leadership		1
<b>Communication</b>		
<i>For TCOG Officers</i>		
Workshop on Persuasion and Influencing Skills	1	
Skills and Techniques for Presentation / Presentation Skills Workshop	1	1
Replies to Enquiries / Complaints	1	1
Practical Putonghua / Customs Putonghua Thematic Course	1	2
Media Skills Workshop	2	1
<b>Training for Visiting Customs Officials</b>		
Risk Management Course for Mainland Customs		
Customs Management Course for Mainland Customs	1	1
Customs Practices Training Course for Mainland Customs	1	1
<b>Training for Other Bureau / Department Officers</b>		
Train-the-Trainer Basic Criminal Investigation Course for OFCA's Officers		

**Court Actions (2015 vs 2014)**



Range of Fines (2015 vs 2014)



Range of Sentences (2015 vs 2014)

