



Customs and Excise Department

Nothing to declare
Without dutiable / controlled items to declare

Goods to declare
With dutiable / controlled items to declare

Boundary and Ports

Administration and Human Resource Development

Intelligence and Investigation

Excise and Strategic Support

AEO
HONG KONG
Authorized Economic Operator
香港經貿發展易通關

Trade Controls

	BUY	SELL
¥ CNY	1.1431	1.1433
🇺🇸 USD	7.8454	7.8456
🇪🇺 EUR	7.8053	7.8094
🇬🇧 GBP	9.2739	9.2773
🇯🇵 JPY	0.0643	0.0631
🇦🇺 AUD	5.4210	5.4237

2021

Departmental Review

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Our Vision, Mission and Values

Our Vision

We are a progressive and forward-looking customs organisation 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 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

Message from the Commissioner



In 2021, COVID-19 continued to bring challenges and uncertainties to our work. Notwithstanding the difficulties, all members of the Customs and Excise Department (C&ED) performed their duties with advanced technology, and served the community with dedication and excellence. We responded flexibly to the changing smuggling trend and maintained a high level of performance in law enforcement. We detected a number of mega cases, some of which involved record-breaking seizure in terms of the value of smuggled goods, drugs and illicit cigarettes. We made good progress on various fronts as well in protecting consumers' interest, intellectual property rights and revenue collection on dutiable commodities; enhancing our enforcement ability and efficiency; protecting and facilitating legitimate trade and industry; upholding Hong Kong's trading integrity; fulfilling our international obligations; promoting volunteer service; and nurturing our youths. We also dedicated ourselves to safeguarding national and local security, and rendered full support to the Government's anti-epidemic work. In the international arena, C&ED spoke highly of Hong Kong's unique competitive edge for entrepreneurs and investors.

We always bear in mind President Xi Jinping's important speech on 1 July 2022 and the "four musts" and "four expectations" contained therein. With determination and commitment stronger than ever, we will accomplish these higher goals in the days to come.

Ms Louise HO Pui-shan
CDSM, CMSM

Commissioner of Customs and Excise

Foreword

Law Enforcement

In 2021, C&ED detected a total of 8 327 cases with 5 153 people arrested, an increase of three per cent and 26 per cent respectively when compared with 2020. The total seizure value increased by 76 per cent to \$6.38 billion. About half of the cases were related to illicit cigarettes, followed by dangerous drugs (11 per cent) and intellectual property rights protection (nine per cent). C&ED has all along been employing a multi-pronged enforcement strategy to combat crimes and malpractices. We deploy resources flexibly and timely adjust our strategies to respond to the evolving crime trend. We maintain close contact with other law enforcement agencies, the Mainland authorities and overseas counterparts so as to reinforce our intelligence exchange. We place immense importance in providing our staff with quality and professional training in order to meet their operational and development needs, and strengthen their competence. In 2021, two more functional development courses, namely the Passenger Processing Course and Cargo Processing Course, were successfully accredited at Qualifications Framework Level 4 after professional assessment by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). The development of Customs Canine Force also turned a new page. For instance, C&ED co-operated with the Fire Services Department for the first time in a canine breeding programme, and our detector dog handling programme was approved by the HKCAAVQ to be listed on the Qualifications Register.

Trade Facilitation

To uphold Hong Kong's status as an international trading and logistics hub, C&ED strives to strike a right balance between effective law enforcement and efficient trade facilitation. Apart from enhancing various existing trade facilitation measures, new measures are being introduced in response to the changing economic environment. In 2021, encouraging progress was made to enhance the Hong Kong Authorized Economic Operator (AEO) Programme and Single E-lock Scheme, as well as to further develop the Trade Single Window, with a view to expanding their coverage and promoting adoption by trading communities. New initiatives, such as the Intermodal Air Cargo Handling Facility, were being explored and developed to tie in with the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area).

National Security

As a progressive and forward-looking agency, C&ED fully complements the integration of the development of Hong Kong into national development and steadfastly reinforces its gatekeeping role in defence of national security with unyielding determination. C&ED is constantly on full alert to intercept arms, ammunition, strategic commodities, and any articles that may endanger national security from the inflow of passengers, baggage, conveyances, cargoes, and

postal parcels. Within the Department, we have implemented various measures to strengthen staff members' sense of national identification, such as through adopting Chinese-style foot drill, holding the Flag-Raising Ceremony on the National Constitution Day and the National Security Education Day, and convening training seminars on the Hong Kong National Security Law. Topics on national education, the Chinese Constitution and the Basic Law have also been incorporated into the in-house training courses of the Department, with a view to inculcating staff members' awareness of national security and love for our country.

Smart Customs Blueprint

Advanced technology provides one of the keys to breakthroughs and excellence. Along the path of Hong Kong's "Smart City" development, C&ED has put forward the Smart Customs Blueprint since 2019 under the concept of four key pillars, namely "Smart Boundary Management", "Smart Investigation and Case Management", "Smart Trade Facilitation" and "Smart Business Development", so as to tie in with the development of the Greater Bay Area. In 2021, we achieved steady progress under each pillar. The Finance Committee of the Legislative Council has also recently approved funding for us to migrate our information technology (IT) infrastructure to cloud, enabling us to enhance our data analysis capability and strengthen our IT security.

Serving the Community

C&ED has been serving the community with unwavering commitment. We are at the forefront in supporting the Government's anti-epidemic work. Since the outbreak of COVID-19 in early 2020, we have been mounting an operation codenamed "Guardian" to ensure that the anti-epidemic items sold in the market comply with the Trade Descriptions Ordinance and the Consumer Goods Safety Ordinance. We provide clearance facilitation to the cross-boundary movement of anti-epidemic items and daily necessities from the Mainland so as to ensure their steady and reliable supply to Hong Kong. We also deploy staff to different teams to manage quarantine and isolation facilities, provide administrative support to vaccination centres, conduct visits to home quarantined persons so as to ensure their compliance with the quarantine orders, trace close contacts of confirmed cases, support "restriction-testing declaration" operations, etc. Work apart, our staff also devote their leisure hours to volunteer work to take care of the needy in society, especially during the difficult times of the epidemic with no fear. In the year ahead, while hoping the epidemic will abate and vanish, we will continue to make the best use of our manpower resources and professional knowledge to join hands with other bureaux and departments in fighting against the epidemic.

Youth is our hope for a better future. To unleash their potentials, enhance their communications with C&ED, raise their awareness of the enforcement work of our Department and foster their positive values and sense of belonging to society, C&ED introduced a new youth programme called "Customs YES" in 2021 and recruited over 1 300 individual members aged between 12 and 24 as well as 31 organisation members, including schools and non-governmental organisations. C&ED will continue to engage more young people in the programme through various channels, activities and campaigns.

Challenges ahead

In the coming year, the responsibilities of C&ED will continue to increase both in diversity and complexity as a result of the implementation of new legislations and the commencement of infrastructural projects. On new legislations, we are the prime enforcement agency against the import of alternative smoking products pursuant to the Smoking (Public Health) (Amendment) Ordinance 2021 which came into effect on 30 April 2022. Besides, we will be responsible for maintaining the register of dealers of precious metals and stones for enforcing the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, and for supervising the compliance with statutory requirements by the trade. On new infrastructural projects, we will continue to actively engage ourselves in the Three-Runway System Project and the Intermodal Transfer

Terminal Development Project at the Hong Kong International Airport, the redevelopment of Huanggang Port with co-location arrangement, as well as the preparation for the full commissioning of the Heung Yuen Wai Boundary Control Point and the 24-hour operation of passenger clearance at the Shenzhen Bay Control Point.

Memorable Events

2021
Jan

Hong Kong Customs' detector dog handling training programme accredited under Qualifications Framework

In January 2021, Customs Canine Force (CCF) successfully obtained accreditation approval from the Hong Kong Council for Accreditation of Academic and Vocational Qualifications to include its "Drugs Detector Dog Handling Programme" in the Qualifications Register. This makes C&ED the first law enforcement agency in Hong Kong offering a Qualifications Framework (QF)-recognised programme in dog handling, and has assisted in realising the Department's goal of developing detector dog management as another branch of professionalism. Dog handlers completing the programme would be awarded professional diploma at QF level 4.



Trainees attended a searching skill practical lesson.

2021
12-Feb

First successful co-operation between C&ED and FSD in working-dog breeding

C&ED and the Fire Services Department (FSD) co-operated for the first time in a canine breeding programme, and successfully bred six Springer Spaniel puppies on 12 February 2021 (the first day of the Lunar New Year). The subject co-operative canine breeding programme with the theme "Together, we incubate the future" symbolises the injection of new blood into the dog teams of both Departments, as well as the inheritance of professionalism in Customs detector dogs' law enforcement and FSD rescue dogs' commitment to serve the community.



A Customs officer demonstrated early puppy training at the Breeding Centre of Customs Canine Force at Hong Kong-Zhuhai-Macao Bridge Base.

determination of C&ED in canine breeding and puppy nurturing. It maintains the sustainable development of canine enforcement profession.

2021
15-Apr

National Security Education Day



Guards of Honour of the Department performed a Chinese-style flag raising ceremony.

On 15 April 2021, the Committee for Safeguarding National Security of the Hong Kong Special Administrative Region organised the first National Security Education Day in Hong Kong after the implementation of the National Security Law in 2020. In support to the National Security Education Day, the Hong Kong Customs College Open Day was held on that day to enhance people's awareness of national

security. The Open Day featured a Chinese-style flag raising ceremony and foot drill performance by members of the Customs and Excise Department Guards of Honour as the commencement of the event, as well as various exhibitions, showcased by Customs detector dogs and a virtual reality experience of contraband detection introducing the work and effectiveness of C&ED in safeguarding national security.

C&ED rendered full support in facilitating the implementation of the National Security Law. The Open Day demonstrated to the public not only the diversity of Customs' work in safeguarding national security, but also the Department's commitment to preventing and repelling threats to national security.

2021
19-Oct

Taking the lead in adoption of Chinese-style foot drill for Passing-out Parade

On 19 October 2021, C&ED led the way by being the first disciplinary force adopting Chinese-style Flag Raising Ceremony and Chinese-style foot drill in conducting the Passing-out Parade for officers of No. 129 to 132 Inspector Induction Courses and No. 475 to 478 Customs Officer Induction Courses at the Hong Kong Customs College, which broke new ground in the Passing-out Parade of Hong Kong disciplined services. The then Commissioner of Customs and Excise, Mr. TANG Yi-hoi, Hermes, SBS, CDSM, CMSM, acted as the Inspecting Officer of the parade.

The adoption of Chinese-style foot drill in the parade not only reflected the emotional attachment to the nation and deep love of our motherland, but also demonstrated the proper manner of the disciplinary forces of the Hong Kong Special Administrative Region and enhanced officers' sense of belonging to the nation.



Graduates performed "Zheng Bu" (a specific type of marching step) while marching past the dais.

2021
21-Oct

Appointment of Commissioner of Customs and Excise

Ms. Louise HO Pui-shan was appointed as the Commissioner of Customs and Excise on 21 October 2021. She is the first female Commissioner of Customs and Excise.

Ms. HO joined the Customs and Excise Department as a Probationary Inspector in 1991. She was promoted to Superintendent of Customs and Excise in 2010, to Senior Superintendent of Customs and Excise in 2013, to Assistant Commissioner of Customs and Excise in 2017 and to Deputy Commissioner of Customs and Excise in 2019.



The Commissioner of Customs and Excise, Ms. Louise HO (left), took the oath of office, witnessed by the then Chief Executive, Mrs. Carrie LAM (right).

2021
Nov

Accreditation of Two Functional Development Courses

To strengthen the competence of probationary Inspectors and probationary Customs Officers in conducting passenger and cargo clearance, the Hong Kong Customs College (HKCC) reviewed and revamped the Passenger Processing Course and Cargo Processing Course.

In November 2021, both courses were successfully accredited at QF Level 4 after professional assessment by Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ).



The Chairman of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, Mr. Rock CHEN (left), presented Statements of Accreditation Approval of the accredited training programmes to the Commissioner of Customs and Excise, Ms. Louise HO (right), on 29 December 2021.

Graduates from 2022 onwards would be awarded the “Professional Certificate in Customs Control and Enforcement (Passenger Clearance)” or “Professional Certificate in Customs Control and Enforcement (Cargo Clearance)” by HKCC.

Both courses were granted the longest validity period of four years, indicating that HKCC was highly recognised by HKCAAVQ in the areas of training management, training standards and quality assurance.

2. Organisation of the Department

Senior Management of the Customs and Excise Department



a. Commissioner of Customs and Excise

Ms. HO Pui-shan, Louise

b. Deputy Commissioner of
Customs and Excise
(Control and Enforcement)

Mr. CHAN Tsz-tat

c. Deputy Commissioner of
Customs and Excise
(Management and Strategic Development)

Mr. LAI Lau-pak

d. Assistant
Commissioner
(Intelligence and
Investigation)

Mr. WOO Wai-kwan

e. Assistant
Commissioner
(Boundary and
Ports)

Ms. NG Kit-ching

f. Assistant
Commissioner
(Excise and Strategic
Support)

Mr. TAM Yat-keung

g. Assistant
Commissioner
(Administration
and Human
Resource
Development)

Ms. TAM So-ying

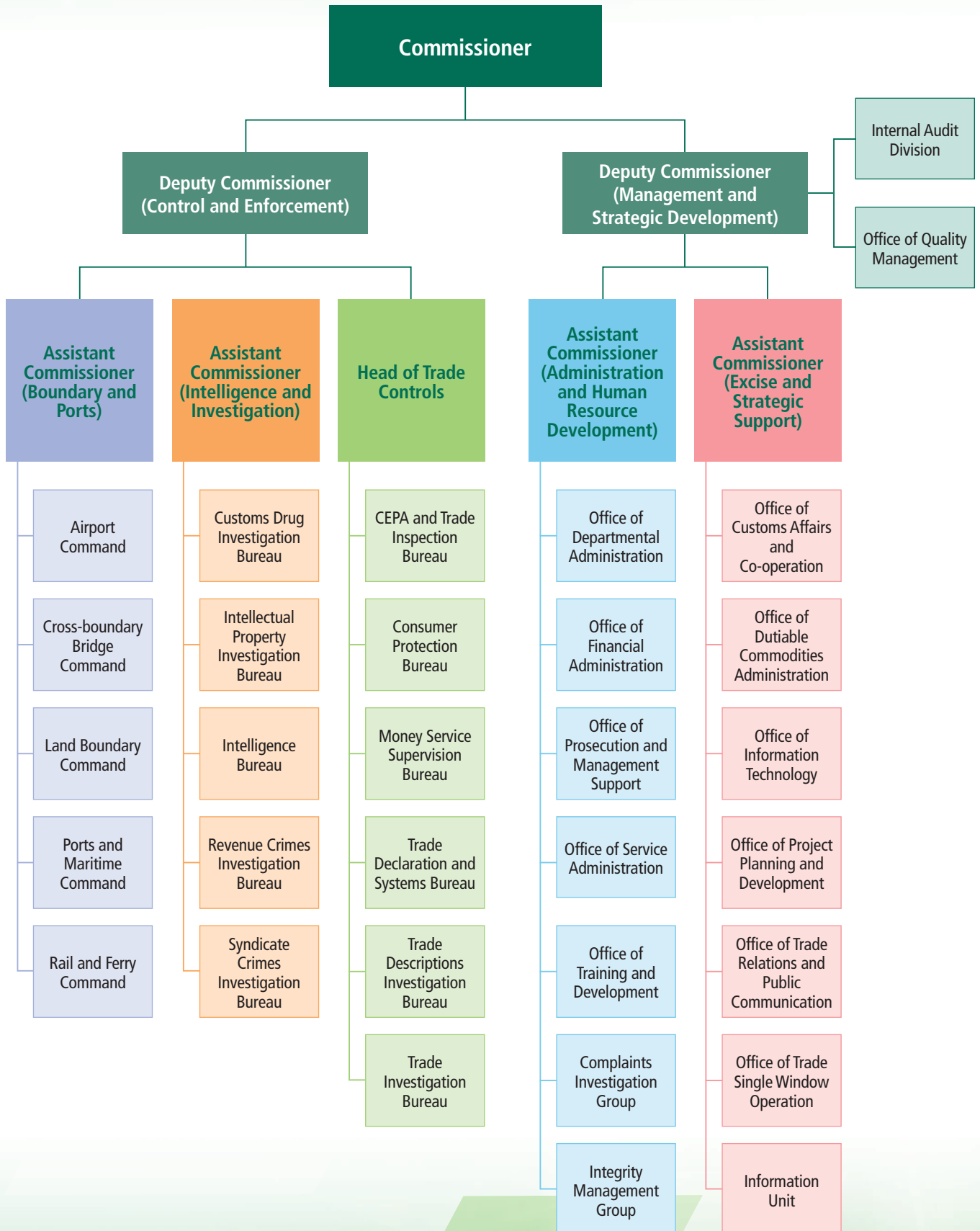
h. Head of Trade
Controls

Mr. LI Man-kai

Front Row: b, a, c
Back Row: d, e, f, g, h

Organisation Chart of the Customs and Excise Department

(as at 1.9.2022)



The Commissioner of Customs and Excise is the head of C&ED. With the approval granted on 15 July 2022 by the Finance Committee to create an additional Deputy Commissioner (DC) post, there are two DCs now in handling departmental affairs.

The Deputy Commissioner (Management and Strategic Development) heads the Administration and Human Resource Development Branch, the Excise and Strategic Support Branch and two formations under his direct charge, namely the Office of Quality Management and the Internal Audit Division. He oversees the administration and management of the Department as well as the planning and development of departmental infrastructure projects.

The Deputy Commissioner (Control and Enforcement) heads the Boundary and Ports Branch, the Intelligence and Investigation Branch and the Trade Controls Branch. He oversees the control and enforcement issues of the Department, as well as supports the Commissioner of Customs and Excise in handling matters on operations and strategies in relation to safeguarding national security.

The Administration and Human Resource Development Branch, headed by Assistant Commissioner (Administration and Human Resource Development), is responsible for matters regarding departmental administration and financial management; human resource management; central administration support; training and recruitment; legislation, orders and procedures as well as systems of the Department; prosecution of Customs and Excise (C&E) Service cases; investigation of public complaints; and integrity management.

The Boundary and Ports Branch, headed by Assistant Commissioner (Boundary and Ports), is responsible for matters regarding customs control and facilitation functions together with the implementation of relevant departmental policies at all entry and exit points.

The Excise and Strategic Support Branch, headed by Assistant Commissioner (Excise and Strategic Support), is responsible for matters regarding revenue protection and excise control; planning and development of major departmental projects; information technology development; supply chain security management; trade relations and public communication; customs liaison and international co-operation; operation of the Trade Single Window; and coordination of agency services.

The Intelligence and Investigation Branch, headed by Assistant Commissioner (Intelligence and Investigation), is responsible for matters regarding the suppression of narcotics offences and control of precursor chemicals; protection of intellectual property rights; recovery and confiscation of proceeds arising from drug trafficking and organised crimes; risk management and departmental intelligence activities; and enforcement activities relating to revenue protection.

The Trade Controls Branch, headed by the Head of Trade Controls, is responsible for matters regarding trade inspection, verification, investigation and prosecution relating to origin fraud / licensing fraud / trade fraud including the certification of Hong Kong origin under the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA); consumer protection; control of strategic commodities and reserved commodities; supervision of money service operators; and import and export trade declaration.

3. Law Enforcement



Hong Kong Customs shoulders a diverse scope of enforcement duties. Customs officers fight the menaces to our society by way of boundary control, anti-smuggling and counter-money laundering enforcement, narcotics interdiction, intellectual property rights and revenue protection. Hong Kong Customs' effective law enforcement aims not only to protect society and fight against transnational crime but also to provide a safer environment for trade.

Anti-smuggling

C&ED prevents and detects smuggling activities under the Import and Export Ordinance by inspecting cargoes imported and exported by air, land and sea; processing passengers and their baggage at entry/exit points; and searching aircraft, vessels and vehicles entering and leaving Hong Kong, so as to enforce the licensing controls on prohibited articles.

In 2021, 233 cases of importing or exporting unmanifested cargo under the Import and Export Ordinance were detected, an increase of 33 per cent from 2020. A total of 264 arrests was made, seven per cent fewer than last year. The seizure value year on year nearly tripled to \$2.344 billion. The value of goods seized from sea smuggling activities between the Mainland and Hong Kong jumped 2.8-fold to \$2.178 billion.

Importing or exporting unmanifested cargo under the Import and Export Ordinance were detected



233

No. of Cases



264

Persons Arrested

Seizure value



\$2.344

Billion

The value of goods seized from sea smuggling activities between the Mainland and Hong Kong



\$2.178

Billion

Four significant cases with total seizure value at \$100 million or above each were detected and the total value of these cases reached more than \$1.68 billion. In a record-hitting case, goods worth \$1.2 billion were seized.

Overall, Mainland-Hong Kong cases accounted for around 95 per cent of the grand total. In terms of commodity value, food was the most popular seizure, recording \$768 million and accounting for about one-third of the total figure.



C&ED detected a smuggling case in an anti-smuggling operation codenamed "JL" jointly-mounted with Mainland law enforcement agencies. A total of about 5 300 kilograms of lobsters with an retail value of about \$4.2 million were seized.



A large batch of smuggled goods with a retail value of about \$1.2 billion was seized in the record-breaking smuggling case.





A large batch of smuggled goods with a retail value of \$210 million was seized in the largest speedboat smuggling case on record.

Sea smuggling activities

During the year, in light of the travel restrictions imposed on passengers between Hong Kong and the Mainland and the implementation of “closed-loop management” on cross-boundary goods vehicles in the Mainland due to the pandemic, the modus operandi of cross-boundary smuggling activities had changed noticeably and switched to seaborne smuggling.

Smugglers usually used sea-barge, fishing vessels and speedboats to smuggle larger haul of goods that led to a significant rise of seizure quantity on a case basis. In 2021, C&ED detected 101 sea smuggling cases, with a total seizure value amounting to \$2.29 billion, representing a sharp increase of \$1.58 billion (+222 per cent) when compared to the seizure value in 2020.

In September 2021, the Special Investigation Group (SIG) of the Syndicate Crimes Investigation Bureau detected the largest speedboat smuggling case on record in terms of seizure value. A warehouse in the vicinity of the seaside loading spot was also raided, with seizure of high-valued goods including expensive food items, luxury leatherware, valuable watches, scheduled endangered species, etc. The estimated retail value of the seized goods had reached \$210 million. Two persons were arrested.

Seaborne smuggling by speedboats and fishing vessels was predominant in the first few quarters of 2021. With an intent to evade the rigorous enforcement against speedboats and fishing vessels, smuggling syndicates have switched to using river trade vessels (RTVs) for smuggling. Coupled with the use of freight containers, smugglers could smuggle larger quantity of goods at any single time. In light of the latest trend, SIG has adjusted the enforcement tactic which resulted in the effect of three cases involving RTVs between October and November. Among them, the case effected in October was C&ED's record-breaking smuggling case where \$1.2 billion worth of high-valued goods stored inside 24 full-loaded containers were seized. These containers were all declared to contain "Polypropylene". Two persons were arrested in this case.

Firearms and ammunition/ strategic commodities

After the National Security Law came into effect in the second half of 2020, 13 cases or 65 per cent fewer cases of illegal firearms, firearm component parts and ammunition were detected in 2021. The number of cases involving strategic commodities also decreased from 149 in 2020 to 128 in 2021.

Moreover, the first Firearm Detector Dog Team was set up to further strengthen the Department's capability in combatting the smuggling of firearms and ammunition into Hong Kong for the sake of preventing terrorist activities and safeguarding national security.

Endangered species

As for endangered species, 306 cases were detected, an increase of 11 per cent from 2020. A total of 152 people were arrested, representing a year-on-year increase of 19 per cent. Seizure weight increased by 46 per cent to 406 800 kg while value dropped by 16 per cent to 109 million. Airborne seizures increased by 45 per cent to \$77 million.



C&ED detected a speedboat smuggling case in an anti-smuggling operation codenamed "Xun Lei" jointly mounted with Mainland Customs. A batch of smuggled goods with an estimated market value of about \$120 million was seized, including the suspected endangered species shown in the photo.



A batch of smuggled goods, including the suspected scheduled endangered species as shown in the picture, was seized in the largest speedboat smuggling case on record. The total retail value of the smuggled goods was \$210 million.



C&ED detected a case of smuggling endangered species. A total of 46 kilograms of suspected scheduled fresh totoaba fish maw with a retail value of about \$7.4 million were seized.

Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance

The Ordinance came into operation on 16 July 2018 and established a declaration and disclosure system to detect the cross-boundary movement of a large quantity of physical currency and bearer negotiable instruments into or out of Hong Kong. C&ED monitors the cross-boundary transportation of physical currency and bearer negotiable instruments through the system to combat money laundering and terrorist financing activities.

A total of 4 054 declarations involving \$326.3 billion was received. All the 74 travellers who committed an offence ended up paying a fixed penalty of \$2,000 to discharge legal liability. Four cargo clearance cases were detected, and all of them were handled with criminal proceedings.

Cooperation with Mainland Law Enforcement Agencies

C&ED has always been vigorously combatting cross-boundary smuggling activities by working closely with the law enforcement agencies in the Mainland through intelligence exchanges and joint enforcement actions, with a view to further increasing the overall enforcement effectiveness in the anti-smuggling realm. During the year, C&ED had conducted a number of joint operations with the Mainland enforcement agencies. Among these operations, in the “Xun Lei” operation jointly conducted with the Anti-Smuggling Bureau of the General Administration of Customs (GACC), the Anti-Smuggling Bureau of the Guangdong Sub-Administration of GACC, and the Anti-Smuggling Bureau of Shenzhen Customs, SIG arrested four persons with \$120 million of smuggled goods seized. Together with the goods seized by the Mainland Customs, the total value of the seizures amounted to over \$180 million.



A large batch of smuggled goods with a retail value of about \$120 million was seized in a joint operation "Xun Lei" mounted with Mainland enforcement agencies.



Strategies in suppressing smuggling

C&ED is committed to combatting the smuggling activities and keeps on strengthening liaison and cooperation with the logistics industry. In March 2015, C&ED and five major express courier operators in Hong Kong signed a memorandum of understanding (MOU) with an intention of strengthening the enforcement capabilities in combating smuggling by courier services. Moreover, in order to establish the network and

enhance cooperation with the local logistics parties more effectively in combating Customs offences, the Customs Liaison Programme (CLP) was set up under the Intelligence Bureau in August 2020. As a result of the MOU and CLP, C&ED successfully detected 618 smuggling cases under the Dangerous Drugs Ordinance, the Import and Export Ordinance, the Dutiable Commodities Ordinance and the Trade Descriptions Ordinance with a seizure value close to \$60 million between 2020 and 2021.

Narcotics Interdiction

In 2021, 906 drug cases were detected, representing a decrease of 18 per cent compared with the figures of 2020. A total of 218 arrests were made and 4 066 kg of drugs were seized, representing an increase of nine per cent and 17 per cent respectively.

Major seizures were methamphetamine (1 251 kg, an increase of 55 per cent), cocaine (870 kg, a decrease of four per cent), cannabis (774 kg, an increase of 91 per cent), ketamine (600 kg, an increase of 1.1 times), heroin (178 kg, an increase of 25%), while seizure of gamma-butyrolactone and synthetic cathinones (bath salts) dropped by 92% to 46 kg and 53% to 12 kg respectively.

A total of 2 562 kg of illicit drugs were seized at the airport, similar to the figure of 2020, accounting for about 63 per cent of the total drug seizures in the year. Among the airport seizures, 2 208 kg of drugs were seized at the air cargo terminals, indicating a 15 per cent increase when compared with that of 2020. A total of 32 significant cases with seizure value over \$10 million were detected in 2021.



The Head of Customs Drug Investigation Bureau, Mr. LEE Ka-ming, was presenting the drug trend in a press conference.



The Group Head (Drug Investigation) of Customs Drug Investigation Bureau, Mr. LAU Yau-lun, was interviewed by a local media.

Anti-narcotics Strategy

One of the major responsibilities of C&ED is to prevent and detect illicit drugs trafficking. C&ED has adopted a comprehensive enforcement strategy, including drug source detection, recovery of drug/crime proceeds, and control of precursor chemicals used in manufacturing of illicit drugs.

While stringent control is imposed at all control points to prevent the smuggling and transiting

of drugs, the Customs Drug Investigation Bureau takes action against drug syndicates and street peddlers based on surveillance and intelligence.

To enhance the effectiveness of anti-narcotics operations, C&ED is empowered to trace, restrain and confiscate drugs and crime proceeds derived from illicit activities so as to stop drug traffickers from re-investing the drug proceeds for further drug trafficking and other criminal activities or using Hong Kong as a base for money laundering.



C&ED seized 52 000 tablets of ecstasy and 153 kg of cannabis buds with a retail value of \$36 million.



C&ED combatted drug trafficking activities.

Being the sole agency responsible for the enforcement of the Control of Chemicals Ordinance, C&ED has maintained a licensing system to monitor and regulate the movements

of precursor chemicals. C&ED also strives to prevent illicit diversion of such chemicals through an international liaison network.



C&ED seized 51.5 kg of methamphetamine with a retail value of \$32 million.

Enforcement

Frontline Customs officers take enforcement actions against illicit drugs based on intelligence and combat drug trafficking activities with the use of hi-tech equipment. Besides focusing on high-risk commercial cargoes, Customs officers

also target smuggling of drugs by express and mail parcels as well as drug traffickers who attempt to smuggle drugs through control points by wrapping drugs around the body, stuffing inside body cavities or concealing drugs in false compartments of baggage.



Raman Spectrometer was used to detect contraband and drugs.

Cannabis, cocaine, heroin, ketamine and methamphetamine are the dangerous drugs most commonly smuggled into Hong Kong. Under stringent immigration restrictions and quarantine measures implemented globally during COVID-19 pandemic, drug syndicates adjusted their drug

trafficking modus operandi, shifting from relying heavily on air passengers and cargo channels before the pandemic to utilising express parcels in 2020. To avoid stockpiling of drugs in the source countries and to reduce the risk of interception by law enforcement agencies, drug



C&ED seized 260 kg of cocaine with a retail value of \$300 million.

syndicates trafficked substantial amount of drugs with the use of large airborne and seaborne consignments in 2021. Seven cases (four airborne and three seaborne) with seizure value of \$100 million or above each were detected. The total seizure value of these seven cases reached nearly \$1.1 billion. In the largest case, about 260 kg of cocaine with a market value of \$300 million was seized.

Cocaine originating from South America is popular worldwide. Combating cocaine

trafficking has been a priority of the Department. In 2021, C&ED seized 870 kg of cocaine and arrested 63 persons, representing a decrease of four per cent and 32 per cent when compared with the figures of 2020. In October 2021, Customs officers intercepted a refrigerated container from Brazil declared as frozen chicken legs and seized 260 kg of cocaine worth \$300 million. The case also involved money laundering activities, in which about \$130 million of crime proceeds had been laundered.

In 2021, a total of 1 251 kg of methamphetamine was seized and 33 persons were arrested. In September 2021, Customs officers intercepted an airborne consignment arriving from Mexico and seized 230 kg of liquid methamphetamine worth about \$150 million inside bottles of coconut oil. It was the largest airborne liquid methamphetamine trafficking case detected by the Department.

In 2021, C&ED seized 774 kg of cannabis and arrested 53 persons. Among the seizures, 250 kg were intercepted at the Hong Kong International Airport (HKIA), 295 kg were seized locally, and 218 kg were seized from two seaborne consignments declared as oat.



C&ED seized 80 kg of cocaine with a retail value of \$126 million.



C&ED seized 110 kg of cannabis buds with a retail value of \$22.5 million.



C&ED seized 230 kg of liquid methamphetamine with a retail value of \$150 million. This was the largest airborne liquid methamphetamine trafficking case effected by C&ED.



C&ED seized 145 kg of liquid methamphetamine (retail value of \$80 million) and 1 kg of heroin (retail value of \$65 million).

Ketamine is a popular drug among young people. C&ED arrested 57 persons and seized 600 kg of ketamine in 2021. The amount of seizure increased by 1.1 times when compared with that in 2020. In July 2021, Customs officers

intercepted a seaborne consignment declared as cotton yarn from Pakistan and seized 220 kg of ketamine worth \$125 million. It was the largest seaborne ketamine trafficking case detected by the Department over the past decade.

In 2021, a total of 178 kg of heroin was seized, mostly from Thailand, Malaysia and India and 16 persons were arrested. Among the heroin seized, a total of 99 kg was seized through seaborne channel. In July 2021, Customs officers intercepted a seaborne consignment arriving from Thailand and found 61 kg of heroin worth \$65 million inside seasoning packets of instant rice vermicelli.

Co-operation with Overseas and the Mainland Authorities

C&ED has maintained close ties with law enforcement agencies in the Mainland and overseas to fight against transnational drug trafficking. In 2021, as a result of co-operation with other jurisdictions, 43 kg of drugs were seized, and 13 persons were arrested outside Hong Kong.

Control of Chemicals

C&ED maintains a licensing system under the Control of Chemicals Ordinance (CCO) to regulate the trade of 33 chemicals commonly used for the illicit manufacture of narcotic drugs and psychotropic substances. C&ED 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.

During the year, C&ED took part in several international tracking programmes. These initiatives organised by the United Nations International Narcotics Control Board, are recognised as an effective multilateral mechanism to prevent the illicit diversion of precursor chemicals.



C&ED maintains a licensing system for 33 controlled chemicals.

Under the Control of Chemicals Ordinance, Chapter 145, a Licence is required for:

	Chemicals in Schedule		
	1	2	3
Manufacturing	✓	✓	✗
Importation	✓	✓	✗
Exportation	✓	✓	✓ [^]
Possession	✓	✗	✗
Supplying	✓	✗	✗
Dealing in / with	✓	✗	✗
Procuring, Consumption, or Disposal	✓	✗	✗

[^] Export to specified countries only.

Intellectual Property Rights (IPR) Protection

On intellectual property rights protection, 715 infringing cases were detected and 404 arrests made, representing annual increases of 21 per cent and 36 per cent respectively. The number of infringing items seized was 3.15 million, while the seizure value reached around \$166 million. Major seizures included electrical and electronic goods, followed by apparel and accessories.

Actions against Online IPR Infringements / Technology Crimes

To cope with the increasing trend of IPR related electronic crimes, the “Anti-Internet-Piracy Team” of C&ED was established in 2000 and further

expanded in 2014 with more than 40 investigators dedicated to fighting against online IPR infringements / technology crimes.

Online Counterfeiting

In view of the growing popularity of online shopping in recent years, C&ED has actively conducted enforcement operations against online counterfeiting. Investigations revealed that counterfeit goods were mostly offered for sale on online market places and social media platforms. Culprits solicited business in the name of online shopping agents and claimed that they had a connection with overseas suppliers or



During a press conference in March 2021, C&ED reported a special operation to combat online sale of counterfeit goods in the name of shopping agents. During the operation, 17 dedicated online pages and accounts offering counterfeit goods for sale were raided with 22 persons arrested. About 2 700 items of suspected counterfeit goods with a market value of over \$1.8 million were seized.

shopping agents. Counterfeit goods were packaged as “goods purchased by agents” and were put for sale at discounted prices to attract customers on online platforms.

In 2021, C&ED detected a total of 87 online counterfeiting cases with the arrest of 107 persons and seizure of a variety of counterfeit goods including leather goods, clothes, footwear, accessories and mooncakes valued at \$4.9 million.

Online Piracy / Technology Crimes

C&ED spares no efforts in combating online piracy and technology crimes. In 2021, C&ED detected a total of 23 cases with 35 persons arrested and pirated goods valued at \$1.66 million seized. The cases mainly involved the online sale of infringing electronic books and question banks, the sale of karaoke players with infringing songs, as well as the provision of infringing karaoke songs to customers by the party room operators in the course of business to attract more customers for increasing profits during the epidemic.



A special operation codenamed “Magpie” was mounted in December 2021 to combat the sale of karaoke players with infringing songs and illegal activities involving party room operators to provide infringing karaoke songs to customers in the course of business.

Online Monitoring Systems

To cope with emerging enforcement challenges arising from advancement in cyber technologies, C&ED set up the Electronic Crime Investigation Centre (ECIC) in 2013. The ECIC aims to strengthen research on the latest modus operandi

of cybercrimes, formulate enforcement strategies and procedures on evidence collection for front-line enforcement officers, conduct training courses on retrieval and preservation of digital evidence and develop online monitoring systems to assist front-line officers in conducting cyber investigations.



The ECIC obtained the ISO 9001:2015 Quality Management System Accreditation, demonstrating its commitment to quality and compliance with the international standard.

In 2017, the ECIC has implemented the “Big Data Analytics System” to analyse massive information retrieved from various Internet platforms in order to combat the ever-changing online IPR infringement activities. The system has been running well since its operation. In 2021, the

system detected 45 infringing cases, accounting for 42 per cent of the online infringing cases. This contributed to the seizure valued at \$2.33 million, which constituted 36 per cent of the total seizure value from online infringing cases.

Actions against Local IPR Infringements

C&ED maintained a high enforcement pressure against local trademark counterfeiting and copyright infringement activities during the year.

The sustained actions placed trademark counterfeiting in Hong Kong firmly under control, with no sign of major counterfeit goods

manufacturing activities emerging. Currently, the sale of counterfeit goods mainly takes place in densely populated areas of very small scale. C&ED also paid special attention to trademark counterfeiting activities related to goods which affected public health including medicines and foodstuff, and took immediate enforcement actions against the illicit activities.



C&ED took stringent enforcement against local trademark counterfeiting and copyright infringement activities.

C&ED mounted a special operation to combat the local distribution and sale of counterfeit medicines in June 2021. During the operation, a storehouse of counterfeit medicines and three associated medicine stores were raided with nine persons arrested. A batch of counterfeit and controlled medicines with a market value of \$4 million were seized.

In 2021, C&ED detected a total of 264 cases at retail level involving forged trademarks with 235 persons arrested. With a value of \$14.15 million, the seized goods were mainly clothes and accessories, leather goods, footwear and pharmaceutical products.

C&ED also strives to combat inland copyright infringement activities. In 2021, C&ED detected 29 local piracy cases, arrested 35 persons and seized goods worth \$1.28 million. As a result of the Department's vigorous enforcement actions regarding pirated optical discs (PODs), the retail outlets selling PODs have almost been wiped out in recent years.

Actions against Cross-boundary IPR Infringements

C&ED kept stepping up enforcement actions against cross-boundary IPR infringement activities. In 2021, 339 cross-boundary infringement cases were detected with a total seizure of 2 840 000 numbers of counterfeit items, valued at \$144 million, mainly comprising electrical and electronic products, clothing and accessories, footwear, watches and parts, etc.



C&ED mounted enforcement operations against logistic companies in the devanning areas to detect cross-boundary IPR infringement cargoes.

The second Guangdong-Hong Kong-Macao Customs Intellectual Property Enforcement Cooperation Meeting was held, by way of virtual conference, on 4 August 2021. The Customs administrations of Guangdong, Hong Kong and Macao exchanged views and shared experience on enforcement and strategy for IPR protection. All parties agreed, under the basis of the existing co-operation mechanism, to enhance collaboration in combating cross-boundary intellectual property cases and to take stringent enforcement action against cross-boundary infringing activities. In 2021, three joint operations were conducted. As a result, 70 cases were effected with a total seizure of 81 000 numbers of counterfeit goods, valued at \$7.9 million.

Restraint and Confiscation of Crime Proceeds of IPR Infringing Syndicates

C&ED actively applies the Organized and Serious Crimes Ordinance (OSCO) to investigations of IPR infringements in the fight against organised syndicates engaged in piracy and counterfeiting activities. Since the first application of OSCO to a piracy case in 2004, C&ED has applied this tool

to a total of 19 IPR cases (11 copyright cases and eight counterfeit cases), with some \$140.4 million worth of crime proceeds/assets restrained. This enforcement strategy has effectively clamped down on syndicates engaged in copyright piracy and trademark counterfeiting activities.

Strategic Partnership

C&ED has been actively seeking greater co-operation with 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 infringing activities, examination of seized goods to authenticate IPR, provision of testimony in court and training for Customs officers to enhance the skills on fake product identification. C&ED 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, reexamine IPR protection issues and exchange views from multifarious perspectives.



Representative from IPR industry introduced the anti-counterfeit features of its trademarks to Customs officers at the IPR training seminar in July 2021.



Representative from Content Overseas Distribution Association (CODA) shared the efforts in promoting legitimate distribution at the virtual training seminar in September 2021.



Director-General from JETRO Hong Kong, Mr. TAKASHIMA Tomohiro, gave an introduction of the Japan External Trade Organization (JETRO) at the seminar in December 2021.

ECIC has been deploying resources to conduct insightful research on electronic crimes and seeking opportunities to organise training programmes and sharing sessions with overseas law enforcement agencies, business counterparts as well as academic institutes. In April 2021, ECIC delivered a lecture on law enforcement against online IPR infringements and case sharing in a webinar of “Intellectual Property Forum” co-organised by the Hong Kong Baptist University and Intellectual Property Department to promote intellectual property education.

In 2021, C&ED 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) was established by C&ED and the industry since March 2004 with a view to enhancing strategic partnership and strengthening intelligence exchange, as well as stepping up publicity and public education to raise social awareness of IPR protection. During the year, C&ED also organised for members of IPRPA a webinar and a guided visit to the DHL Tsing Yi Service Centre, with an aim to enhance members’ understanding of C&ED’s close cooperation with overseas law enforcement agencies and the logistics industry in combating infringing activities, and the use of innovative technology in IPR protection.



Customs Officers demonstrated outbound express parcel clearance at a service centre.



A Customs officer who had been seconded to the International Criminal Police Organization responded to participants' questions at an IPRPA webinar.

- Under the “Fast Action Scheme” jointly launched with the Hong Kong Brands Protection Alliance (HKBPA) since July 2006, based on the information on brands and copyrights retrieved from HKBPA’s database, C&ED will take prompt enforcement action upon receiving reports on IPR infringing activities in major exhibitions and trade fairs in Hong Kong. Since the implementation of the scheme, C&ED has activated the “Fast Action Scheme” at 133 major exhibitions and trade fairs, leading to the detection of 190 infringement cases and the arrest of 227 persons.

Reward Schemes

The IPR industry and C&ED are joining forces to step up intelligence collection to reinforce actions

against IPR infringement offences. The industry is currently sponsoring reward schemes which pay cash rewards to informers who provide C&ED with information that leads to the seizure of infringing goods. The three existing reward schemes are as follows:

- Anti-piracy (except retail level) Reward Scheme – sponsored by the copyright industry;
- Reward Scheme to Combat Illegal Photocopying of Books and Periodicals – sponsored by the Hong Kong Reprographic Rights Licensing Society; and
- Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines – sponsored by the Hong Kong Copyright Licensing Association.

Revenue Collection and Protection

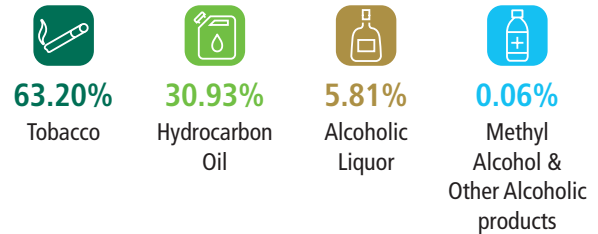
Dutiable Commodities

C&ED is responsible for the collection and protection of revenue on four types of dutiable goods, namely liquor, tobacco, hydrocarbon oil and methyl alcohol. Apart from duty assessment and collection, C&ED also administers a licensing and permit system to control the manufacture, import, export, storage and movement of dutiable commodities for the purpose of revenue protection.



Revenue

In 2021, excise duties collected amounted to \$12.29 billion, representing an increase of 1.77% when compared with 2020.



A Customs officer conducted compliance check at oil depot.



A Customs officer checked the production process at a liquor manufacturer.

Vehicle Valuation

Through a vehicle importer/distributor registration system, market research on vehicle prices, on-site vehicle inspection, robust enforcement and various compliance promotion activities, C&ED has continued to achieve results in safeguarding collection of first registration tax and protecting the rights of buyers. In 2021, the number of vehicles first registered was 57 634, and the first registration tax collected was \$6.7 billion, an increase of 4.1% over last year.



Customs Officers conducted on-site vehicle inspection to verify the declared information.

Number of vehicles first registered and first registration tax collected



57 634

Number of vehicles first registered



\$6.7 billion

First registration tax collected

In 2021, C&ED prosecuted 17 vehicle dealers and persons for contravening the Motor Vehicles (First Registration Tax) Ordinance with the involvement of 23 vehicles. In general, under the supervision of C&ED, illegal sales continued to be controlled, and the number of illegal cases remained at a low level.

Illicit Fuel

Illicit fuel activities continue to diminish. For diesel oil, there have been fading trends of smuggling duty-not-paid light diesel oil from the Mainland for sale in the local 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. For illicit motor spirit, the continuous and active enforcement actions over the years have achieved the deterrent effect, resulting in a noticeable decline of such activities. Currently, only small-scale illicit motor spirit stations are being operated in a sporadic manner in remote areas of the New Territories. In 2021, 21 cases were detected with some 20 000 litres of illicit motor spirit seized.



Illicit motor spirit and private car seized from illicit fuel stations.

Illicit Cigarettes

C&ED detected 4 009 illicit cigarette cases with seizures of 427 million sticks of cigarettes and arrests of 3 555 persons in 2021. The total value of the seized illicit cigarettes amounted to \$1.176 billion and the duty potential was \$815 million. As compared with the preceding year, the

numbers of cases and arrests increased by 27 per cent and 42 per cent respectively. Among the seizures, about 371 million sticks were related to local illicit cigarette activities, representing an increase of about 92 per cent as compared with 2020, as a result of the stepped-up enforcement at source of the supply chain.



A total of about 47 million sticks of illicit cigarettes were seized in a case detected in December 2021, which was the largest illicit cigarette smuggling case in the past 20 years.



C&ED detected a smuggling case in which the structural space of a river trade vessel was used to conceal the \$1 million worth of smuggled goods. A batch of smuggled goods was found in the ballast chamber of the river trade vessel.



Illicit cigarettes seized during operations.



Illicit cigarettes found in syndicate warehouses.



It is observed that large shipments of illicit cigarettes are mainly smuggled into Hong Kong via sea routes. In addition to risk-based routine inspection at entry/exit points, enhanced intelligence exchange and parallel operations with the Mainland and overseas Customs

counterparts are still effective enforcement strategies to suppress illicit cigarette smuggling. In 2021, a total of 246 million sticks of smuggled cigarettes were seized, the majority of which were found from seaborne containers.

Telephone ordering has taken over street peddling to become the predominant mode of retailing of illicit cigarettes. Two dedicated task units were established in 2012 and 2013 respectively to collect and analyse intelligence, and mount

special operations to suppress these activities. The operational achievement was impressive, with the detection of 526 cases involving the total seizure of 4.4 million sticks of illicit cigarettes and the arrest of 536 persons in 2021.



Delivery vehicles for telephone ordering of illicit cigarettes were intercepted.



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. C&ED actively reports suspicious shipments, accounting for

approximately 60.4 per cent of the notifications issued under the Project thus far. Since the launch of the Project in August 2004, 109 containers, containing over 700 million sticks of cigarettes and 8 178 kg of manufactured tobacco in total, have been seized as a result of information provided by the Department.

Consumer Protection

C&ED protects consumer interests through enforcement of the Weights and Measures Ordinance, the Toys and Children’s Products Safety Ordinance, the Consumer Goods Safety Ordinance, and the Trade Descriptions Ordinance.

Weights and Measures Ordinance

To eradicate dishonest sale of short-weighted items, C&ED conducted 1 724 spot checks and

333 investigations in 2021 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 involve comparatively more complaints concerning short weight continue to be the targets of C&ED’s enforcement actions. In 2021, prosecution was taken in four cases and warning letters were issued in 22 cases involving contravention of the Weights and Measures Ordinance.



Customs officers checked the accuracy of a diesel dispenser by pumping out a predetermined volume of fuel into a fuel-testing container.

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

C&ED conducts spot checks and investigations to ensure that toys, children's products and consumer goods supplied in the market are reasonably safe and affixed with bilingual warning labels. In 2021, 3 488 spot checks and

274 investigations were conducted and 26 prosecution cases were concluded. Besides, C&ED issued 15 Prohibition Notices prohibiting the supply of unsafe products, such as toy guitars, wooden toys, bath toys, expandable plastic beads, magnetic toy beads, masks, UV sterilisers and folding step stools.



Customs officers conducted blitz check at control point with the aid of the handheld analyser to detect whether the imported products contained excessive harmful substances.

In order to step up enforcement activities, C&ED also conducted seven blitz checks against the import shipments of unsafe toys, children's

products and consumer goods at boundary control points in 2021.

Trade Descriptions Ordinance (TDO)

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (the Amendment Ordinance) came into operation on 19 July 2013. To protect consumer interests and honest traders, C&ED has taken stringent enforcement actions against unscrupulous traders employing unfair practices.

Enforcement

In 2021, C&ED received 7 005 (4 440 on goods and 2 565 on services) unfair trade practices-related complaints, most of which involved foodstuff, household products, electronic products, health care products, beauty, fitness and renovation services. The number of investigations completed was 3 860 (2 547 on goods and 1 313 on services), including 3 761 preliminary investigations, 63 of which led to prosecution and 14 concluded with administrative action.



Bearings and thermal printer papers seized in a false trade descriptions case.

Apart from investigations, C&ED proactively carried out 3 512 spot checks against retail stores and various trade fairs/exhibitions. Following the relaxation of social distancing measures in mid-2021, the trade fairs/exhibitions

and trade activities gradually resumed. The number of spot checks conducted in 2021 increased significantly as compared with last year.



Sealants seized in a false trade descriptions case.

C&ED 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 19 occasions to handle urgent complaints.

Over the years, significant cases in different commercial sectors were detected, including aggressive commercial practices by fitness centres; false trade descriptions of services supplied by renovation service providers and employment agencies; misleading omissions deployed by medicine shops and renovation service providers; false claims on performance or composition of protective products; wrongly

accepting payment of toy figures by an online trader, etc. In 72 prosecution cases, 37 persons and 40 companies were convicted of unfair trade practices offences, with punishment including fines ranging between \$1,600 and \$80,000; imprisonment term ranging between three months and 20 months; Community Service Order ranging from 80 hours to 180 hours of work. In a few cases, the convicted persons were ordered to pay compensation to the victims for their financial loss resulting from the offences. A total of 10 warning letters and 20 advisory letters were issued to remind the traders concerned about their obligations to comply with the fair-trading sections of the TDO.

Operations and Significant Cases

Since 2018, C&ED has taken various special enforcement operations to successfully crack down on unscrupulous fitness centres that deployed aggressive commercial practices to coerce customers into procuring fitness membership. In one of the cases, the six salespersons involved were sentenced to imprisonment ranging from nine to 20 months

in March 2021. It was the heaviest penalty imposed for cases of similar nature since the amendment of TDO in 2013.

In 2021, C&ED continued its enforcement effort against unscrupulous fitness centres deploying aggressive commercial practices. As a result, nine persons from two fitness centres were arrested. The total value of the fitness contracts involved was around \$150,000.



Customs officers briefed the media regarding the arrest of staff members of a fitness centre.



Customs officers showed the seized leaflets with false trade descriptions.

In 2021, C&ED received complaints related to unfair trade practices of renovation services, most of which concerned service charges and progress of renovation works. Eight cases were detected during the year, representing a 33 per cent increase compared with 2020. A total of 10 persons were arrested in these cases.

C&ED took stringent enforcement actions in 2021 against traders applying false trade descriptions on qualification and accreditation.

12 cases were detected during the year involving various industries such as tutorial and interest classes, barista training course and numerology consultation service.

In November 2021, the director of a remittance company was convicted and sentenced to five months' imprisonment for wrongly accepting remittance payments amounted to \$1.08 million from eight customers.

Operation Guardian

C&ED started a large-scale territory-wide special operation code-named “Guardian” on 27 January 2020 to conduct spot checks, test purchases and inspections in various districts on surgical masks and other anti-epidemic products for sale in the market to ensure that these products complied with TDO and the Consumer Goods Safety Ordinance (CGSO). The operation has been running for over two years. By the end of 2021, over 44 000 inspections were conducted at retail spots selling surgical masks and other anti-epidemic products. In total, 1 013 samples

of surgical masks and 43 types of hand sanitiser were test-purchased for testing for safety compliance while 114 models of disinfectant alcohol were test-purchased for testing on their composition. During the period, a total of 39 cases were detected in which traders were suspected of violating TDO and CGSO when supplying anti-epidemic products. A total of 90 persons involved were arrested, and 38 548 842 surgical masks, 318 bottles of disinfectant alcohol and 23 bottles of saline solution were seized with an estimated retail value amounted to over \$144 million.



Surgical masks and disinfectant alcohol seized during “Operation Guardian”.



Customs officers conducted inspections at retail spots during "Operation Guardian".



Customs officers conducted inspections on Rapid Antigen Test kits.

Special Surveillance Operation

A special surveillance operation was launched in 2021 to ensure that the price indications of general household products in major supermarkets comply with the requirements under TDO. For the six months of surveillance, 55 spot checks with a total test-purchase of 70 items had been conducted and no irregularities were found on the price indications applied to products offered for sale at the supermarkets as they were found to be consistent with those advertised in newspapers. Besides, no misleading information was observed during the operation.

Publicity and Education

To help traders understand the fair-trading sections of TDO and the consequences of non-compliance, 381 seminars/briefing sessions were organised for retailers, exhibitors, employees of the beauty/fitness industries, non-government organisations/associations, elderly centres, science/technology companies and the public, etc. since the Amendment Ordinance came into operation in 2013. Besides, pamphlets were distributed to the public, retail shops, exhibitors and tourists so as to draw their attention to the Amendment Ordinance.



Customs officers delivered an educational seminar about the Trade Descriptions Ordinance to the International Beauty and Health General Union in December 2021.



Customs officers delivered an educational seminar about the Trade Descriptions Ordinance to the Travel Industry Council of Hong Kong in December 2021.

Meanwhile, C&ED produced a new promotional video themed “Be a Fair and Law-abiding Trader” to unveil the common kinds of unfair trade practices to enhance the public and traders’ awareness. The video was broadcasted in 2021 on three major social media platforms as well as C&ED’s website. During the period, the video attained an encouraging hit rate of more than 3.8 million views. To widen the coverage of the publicity, C&ED has also arranged to broadcast the promotional video and display poster at over 200 bus-stop shelters territory-wide, various boundary control points and other government facilities.



Promotional poster for the Trade Descriptions Ordinance.

Customs officers explained to the public about the protection of consumer interests.



In addition, two new video clips addressing false trade descriptions and unfair trade practices in the supply of goods in vehicle sales and catering industries had been disseminated at over 800 bus stops and over 100 MTR trains as well as at social media channels of “Facebook” and “YouTube”, through a publicity campaign in 2021. With

reference to common unfair trade practices, the video clips used an easy-to-understand concept to promote TDO with an incisive slogan “顧客精明·虛假現形”. A promotional poster was also produced. They were displayed continuously at our departmental publicity platforms and other government facilities.



Promotional poster for the publicity campaign in 2021.

Financial Investigation

A total of 12 money laundering cases was detected under the Organized and Serious Crimes Ordinance (OSCO) last year, rising 33 per cent from 2020. Thirty-one people were arrested, representing a year-on-year decrease of 18 per

cent. The amount of money involved reached \$4.4 billion, which was similar to the level seen in 2020. Five cases in the \$100 million scale were detected, with \$2.5 billion involved in the top case.



A batch of bank cards, e-tokens, company chops, note-counting machines and computers were seized in the raid operation.

In July 2021, the Financial Investigation Group cracked down the first-ever money laundering case with the use of cryptocurrency. A total of four persons, including the ringleader and three company directors, were arrested and the laundered amount was reckoned up to \$1.2 billion. Upon intelligence analysis, the syndicate frequently received a large amount of cryptocurrency and suspicious bank transfers through their digital wallets and conventional bank

accounts between February 2020 and May 2021. The syndicate received \$880 million of cryptocurrency which was either transferred to other unidentified digital wallets or exchanged into fiat-currency and banked in their conventional bank accounts. Apart from that, the syndicate received another \$350 million conventional bank transfers from various shell companies and unknown individuals, which were subsequently remitted to other overseas accounts shortly.



\$20 million cash seized by Customs officers from two cross-boundary vehicles.

In August 2021, the Financial Investigation Group detected the first ever case of cross-boundary vehicle drivers assisted in money laundering. Investigation revealed that, a suspected money laundering syndicate hired cross-boundary vehicle drivers to deliver frequently large amounts of cash of unknown source to Macao or Zhuhai via the Hong Kong-Zhuhai-Macao Bridge ("HZMB"). Two cross-boundary private car drivers took the cash from a licensed money changer and made declarations for departure via HZMB. They then

handed the cash to a cross-boundary towing truck driver at roadside of the bridge for outbound delivery. A total of five persons were arrested, including three cross-boundary vehicle drivers and two persons-in-charge of the money changer. The laundered amount was about \$170 million, of which \$20 million banknotes was seized by Customs officers at the scene upon interception of the two cross-boundary vehicles driven by two of the cross-boundary vehicle drivers.

Criminal Prosecution

C&ED takes criminal prosecution seriously with the aim of bringing offenders to justice. Successful prosecution is not only an inspiring finale to frontline operations and investigations, but also serves as a strong deterrent to criminal activities. In 2021, the number of prosecution cases was 1 710, of which 248 (14.5 per cent) were related to the Import and Export Ordinance, 894 (52.3 per cent) related to the Dutiable Commodities Ordinance, 260 (15.2 per cent) related to the Trade Descriptions Ordinance, 112 (6.5 per cent) related to the Dangerous Drugs Ordinance and 52 (three per cent) related to the

Copyright Ordinance. A total of 1 746 persons and 260 companies were prosecuted, resulting in a total fine of \$8.8 million and the imposition of imprisonment in 332 cases.

Prosecution Summary

In 2021, a total of 1 631 persons and 257 companies were convicted in prosecution cases brought by the Department. Details of the prosecution related figures are set out in Appendices 12 to 14.

4. Effective Customs Control



Serving as the primary agency responsible for suppression of smuggling activities, C&ED is the major gatekeeper of the Hong Kong Special Administrative Region (HKSAR). Most of our staff are deployed to the air, land and sea control points to accomplish the gatekeeping mission by conducting effective checks on passenger and

their baggage, cargo and mail, as well as conveyance entering and leaving Hong Kong.

The steadfast efforts made for effective import and export control are fundamental and instrumental to upholding the separate customs territory status of the HKSAR, which is of

bearing to the “one country, two systems” arrangements and Hong Kong’s trade and economic relationships with other jurisdictions. C&ED guards the boundary against illegal activities in defence of the interests of Hong Kong. Its considerable enforcement achievements are not only in the core functions like narcotics interdiction, anti-smuggling, revenue protection, strategic trade controls, protection of intellectual property rights, but also in its agency role of suppressing other cross-boundary illegal activities within the ambit of

other authorities, ranging from public health, public safety to environmental protection, etc.

The pandemic is still rampant across the globe and Hong Kong is not an exception. C&ED has demonstrated unprecedented solidarity, resilience in working together and serving the community. We are keen to provide effective customs control with professionalism even under the difficult time of pandemic, to deter and combat smuggling of contrabands into Hong Kong.



Customs officers performed duty at the Hong Kong International Airport.



Customs officers conducted Customs clearance at the Hong Kong International Airport.



Customs officers conducted vehicle clearance.





Customs fleet performed round-the-clock anti-smuggling duty in Hong Kong waters.



Customs officers monitored movement of suspicious vessels at Customs Radar Monitoring Command Centre.



Customs officers used the Mobile X-ray Vehicle Scanning System to perform X-ray scanning of containerized cargo at the Kwai Chung Customhouse.

Despite the pandemic, Customs officers continued to conduct ship rummaging duty.



A Customs Detector Dog Team performed sniffing duties on a vessel.

Segregated handling of passenger flights at HKIA under COVID-19

In order to avoid the risk of cross-infection between passengers from different areas at the Hong Kong International Airport, the Airport Authority Hong Kong had, with effect from 15 November 2021, set up the Green Zone for

handling flights from/to the Mainland and the Orange Zone for handling flights from/to places outside the Mainland in the restricted area of Terminal 1. To tie in with the arrangement, C&ED has set up the dedicated Green Team and Orange Team to separately handle passengers arriving from the Mainland and those arriving from places outside the Mainland.



Green Team officers conducted customs clearance of passengers arriving from the Mainland.



Orange Team officers in full protective gear processed passengers arriving from places outside the Mainland.

Clearance Facilitation to Importation of Medical and Anti-epidemic Supplies

Customs officers helped ensure the expeditious delivery of medical and anti-epidemic supplies from the Mainland to Hong Kong to cope with the pandemic by providing seamless clearance facilitation at all control points. To ensure speedy

arrival of anti-epidemic supplies aided by the Central Government, C&ED maintains close liaison with logistic industries and stakeholders to arrange pre-clearance services, and collaborates with the law enforcement agencies at air, land and sea entry/ exit points of Hong Kong to provide round-the-clock efficient facilitation clearance measures.



Customs officers provided round-the-clock Customs facilitation to cross-boundary goods vehicles carrying fresh produce at Man Kam To Control Points.

Customs Officers conducted clearance on the fresh food and daily necessities at the Tuen Mun River Trade Terminal.



Customs officers conducted checking on the cross-boundary cargo train at Lo Wu Railway Freight Yard.



The first batch of anti-epidemic Chinese medicines donated by the Central Government arrived in Hong Kong by air and was processed in the Priority Handling Lane.

Combatting counterfeit anti-epidemic items smuggling

Despite the epidemic is raging, Customs officers made every effort to combat counterfeit anti-epidemic items smuggling in order to prevent these goods from importing and supplying within Hong Kong, so as to safeguard public health. In 2021, with our enforcement actions stepped up at air, land and sea channels, nine smuggling

cases on anti-epidemic items were detected, with seizure of unmanifested or illegal (without licence) medicines and counterfeit surgical masks valued at around \$13 million. In January and February 2021, more than 900 000 counterfeit surgical masks with an estimated retail value of about \$12 million were seized at the Tuen Mun River Trade Terminal from five seaborne containers arriving in Hong Kong.



Counterfeit surgical masks were seized at River Trade Terminal.

5. Trade Controls



As a free port, Hong Kong pursues a free trade policy. Given the importance of trade and industry to the economy of Hong Kong, Hong Kong Customs actively implements the certification and licensing systems so as to safeguard Hong Kong's trading integrity. The effective enforcement of various trade controls systems and regimes by Hong Kong Customs secures compliance with the international obligations and multilateral trade agreements as well as facilitates trade and economic development.

Upholding Hong Kong's Trading Integrity

Given the importance of trade and industry to the economy of Hong Kong, C&ED enforces a number of trade controls systems, including the Certification of Origin System, the Strategic Trade Controls 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, C&ED also protects the legitimate interests of traders and manufacturers. In addition, C&ED

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. In 2021, C&ED conducted 989 factory inspections and consignment checks to uphold the credibility and integrity of the System.



Customs officers inspected shipments to sanctioned countries.

Strategic Trade Controls System

C&ED is the sole enforcement agency for strategic trade controls. The comprehensive and stringent control over the import and export of strategic commodities prevents the HKSAR from serving as a conduit for the proliferation of weapons of mass destruction, while at the same time ensuring the free flow of advanced technology for legitimate commercial, industrial and research use.

In 2021, C&ED conducted 1 325 checks on import licence, 2 371 checks on export licence and 714 disposal checks against strategic commodities. C&ED also mounted several special operations and stepped up enforcement by conducting blitz checks against unlicensed shipments of strategic commodities destined for sanctioned countries and other areas. As a result, ten cases were detected with a total of 2 381 pieces of strategic commodities intercepted. In the year, C&ED investigated 291 cases and prosecuted 41 persons / companies, leading to a total fine of \$0.56 million and the forfeiture of goods with a value of \$1.07 million. The value of the goods involved in the prosecution cases was \$48 million.

Number of checks conducted on import and export licence against strategic commodities

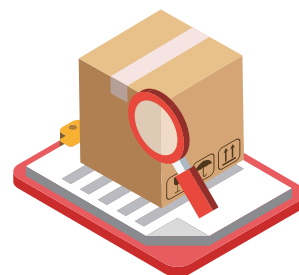


1 325



2 371

Number of disposal checks



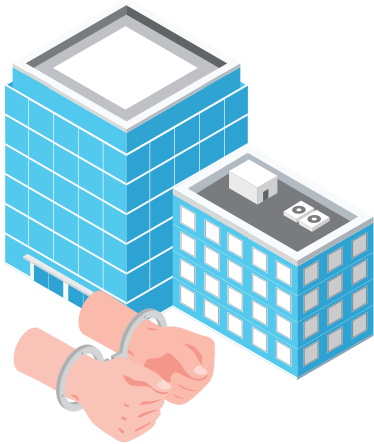
714

Number of investigations against strategic commodities



291

Number of persons and companies prosecuted



41

Value of goods forfeited



\$1.07 million

Value of the goods involved in the prosecution cases



\$48 million

Number of import and export / re-export declarations submitted



22.61
million

Total amount of import and export declaration charges / clothing industry training levies / late penalties collected



\$550
million

Import and Export Declarations and Cargo Manifests

C&ED administers the Import and Export Declaration and Cargo Manifests System. C&ED 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.

C&ED received 22.61 million declarations and collected \$550 million import and export declaration charges / clothing industry training levies / late penalties in 2021. The total amount of late/administrative penalties imposed and short-paid declaration charges / clothing industry training levies recovered was \$13.1 million. In addition,

C&ED also received approximately 6.2 million cargo manifests in respect of different modes of transport, including air, ocean, rail and road.

Educational Seminars

In order to reduce the number of late and non-lodgment cases, C&ED has organised regular educational seminars since August 2008 to remind traders and carriers/forwarders of their obligations and to improve their knowledge in lodging timely and accurate trade declarations and cargo manifests. C&ED organised eight educational seminars for 82 traders and carriers/forwarders in 2021. Furthermore, C&ED will continue to collaborate closely with the Census and Statistics Department with a view to raising the awareness of timely lodgment of cargo manifests and import/export declarations.

Closer Economic Partnership Arrangement (CEPA) – Trade in Goods

Since the implementation of CEPA on 1 January 2004, all products of Hong Kong that fulfil the mutually agreed CEPA Rules of Origin enjoy zero tariff treatment upon importation into the Mainland if they are covered by a Certificate of Hong Kong Origin (CEPA) (CO(CEPA)). In 2021, a total of 15 938 applications for CO(CEPA) were received. Of these applications, 15 628 CO(CEPA)s with a total value of \$12 billion were issued. These

applications covered a wide range of products, with food and beverages, plastics and plastic articles, textiles and clothing, pharmaceutical products, and chemical products comprising the top five in terms of value.

Charged with the enforcement duties of the CEPA Certification System, C&ED conducted consignment checks against 1 976 applications for CO(CEPA) and examined 53 CEPA consignments at various cargo exit points in 2021.



Customs officers conducted factory inspection at a plastic material recycled plant to ascertain the compliance of the registration conditions and CEPA origin rules.



Customs officer used a tester to authenticate the genuineness of rough diamonds.

Kimberley Process Certification Scheme

The Kimberley Process (KP) Certification Scheme for rough diamonds requires registration of rough diamond traders and comprises a

certification system for the import and export of rough diamonds. C&ED conducted 388 consignment inspections and two investigations on rough diamonds during the year.

Reserved Commodities Control

Through the enforcement of the Reserved Commodities Ordinance, C&ED monitors the import and export of rice and ensures a stable supply of rice in Hong Kong. C&ED conducted 3 959 inspections, investigated 31 cases, and prosecuted seven persons/companies for breaches of rice registration conditions, resulting in a total fine of \$90,000 in 2021. In these cases, the value of the rice and mixed grains involved was \$110,000.



Customs officer checked the rice stock kept by a registered rice stockholder.

Mainland Cereals and Grain Flours Control

Since 2008, the Mainland has implemented export administrative measures for cereals and grain flours that the exports should be for consumption in Hong Kong only. To complement the measures, C&ED conducted 148 inspections/verifications and one investigation in 2021. The value of the goods involved in the investigation case amounted to \$100,000.

Trade Mediation

To protect Hong Kong's trading reputation, C&ED provides free mediation service to settle trade disputes lodged by overseas trading firms against local companies. In 2021, C&ED successfully settled one of six cases it mediated.

Supervision of Money Service Operators

To align Hong Kong's anti-money laundering and counter-financing of terrorism (AML/CFT) regime with the prevailing international standards, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) and its preceding ordinance came into operation on 1 April 2012. In accordance with the AMLO, the Commissioner of Customs and Excise is the relevant authority of the money service operators (MSOs) and the Postmaster General (PMG), and is responsible for supervising them 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. C&ED also spares no effort in detecting and investigating unlicensed money service operation (UMSO) and other licence-related offences.



Customs officer contacted local trader in performing mediation for the overseas trading firms.

As at 31 December 2021, there were 805 licensees on the Register of MSOs. In 2021, by way of a risk-based strategy, 155 licensed MSOs were selected for compliance inspection with 93 non-compliant cases effected. C&ED initiated 12 cases for disciplinary sanctions. C&ED would continue to deploy appropriate disciplinary sanctions proportionate and dissuasive, including public reprimand, pecuniary penalty, and taking of remedial actions, to deal with various non-compliances. C&ED also prosecuted eight cases of UMSO, leading to a total fine of \$180,000.

C&ED regularly conducts MSOs' capacity building and outreach activities. In 2021, five seminars and five small group workshops were

organised to help MSOs better understand AML/CFT risks and obligations. C&ED also continued to conduct territory-wide outreach program to raise MSOs' awareness of ML/TF risks and address their gaps in understanding of their AML/CFT obligations, and to assist C&ED in assessing and determining individual MSOs' risk profiles. Besides, C&ED established a closer cooperative relationship with the InvestHK to jointly organise the webinars for local and overseas-based MSOs, and collaborated with the Hong Kong Money Service Operators Association to exchange views on industry best practices and disseminate the latest regulatory requirements to the sector.



Introduction of Money Service Operator Licensing Regime to industry.

6. Trade Facilitation



跨境一鎖計劃
Single E-lock Scheme



貿易單一窗口
Trade Single Window



AEO
HONG KONG
Authorized Economic Operator
香港認可經濟營運商

Hong Kong Customs accords high priority to securing a favourable environment for doing business in Hong Kong and has kept a close view of opportunities and challenges arising from new regional and global developments. In particular, it plays an important role in facilitating trade and putting in place various clearance facilitation measures, with a view to further strengthening Hong Kong's status as an international trading centre and major logistics hub in the Asia-Pacific region, which is conducive to the long-term economic development of Hong Kong.

C&ED plays an important role in facilitating trade through various cargo customs clearance facilitation measures. In 2021, encouraging progress has been made to enhance the existing trade facilitation measures, such as the Hong Kong Authorized Economic Operator, Trade Single Window and Single E-lock Scheme, with a view to further extending their coverage and promoting usage by different trading communities. New initiatives, such as the Intermodal Air Cargo Handling Facility, are being explored and developed to tie in with the Greater Bay Area Blueprint.

Road Cargo System (ROCARS) and Advanced Equipment at Control Points

Since full implementation of ROCARS, the mandatory submission of pre-shipment cargo information and the application of Radio Frequency Identification (RFID) technology to recognise cross-boundary trucks' registration numbers shorten the clearance time of cargoes to approximately 20 seconds, which further streamlines the automated clearance process at land boundary control points and underscores the important status of Hong Kong as a logistics hub in the region.

C&ED has been introducing more advanced inspection equipment to facilitate the clearance efficiency. The X-ray Checkers and handheld X-ray Imagers provide the x-ray images of baggage and cargoes for Customs officers to determine whether an in-depth examination is required. The Handheld Raman Spectrometers and Ion Scanners are able to accurately and swiftly identify narcotics, explosives and controlled substances by scanning the suspicious substances found by Customs officers. The Electronic Distance Meters assist Customs officers in discovering false compartment in the course of examination of the container. The borescopes allow Customs officers to conduct visual inspection of narrow and difficult-to-reach spaces. The Metal Detectors and Passive Millimeter Wave Screening System allow passengers to be inspected in a walk-through mode and detect contraband that are hidden under clothing. These devices boost both the efficiency and precision of contraband detection, and facilitate more speedy clearance of passengers and goods at boundary control points.



Handheld Raman Spectrometer



Electronic Distance Meter



Ion Scanner



Borescope



X-ray Checkers



Metal Detector



Handheld X-ray Imager

Intermodal Transshipment Facilitation Scheme (ITFS) and Single E-lock Scheme

C&ED constantly develops initiatives with the Mainland to increase the speed and lower the cost of cross-boundary logistics, thereby enhancing the competitiveness of Hong Kong enterprises. To facilitate the movement of transshipment cargoes, C&ED officially launched ITFS on 29 November 2010, where transshipment cargoes will normally be examined only once at either the point of entry or exit.

To further enhance clearance facilitation, C&ED and the Mainland Customs joined hands to launch the Single E-lock Scheme (“SELS”) in March 2016 by connecting ITFS with the Mainland Customs’ Speedy Customs Clearance System with one single e-lock. The two Customs administrations conduct monitoring on the cargo based on the principle of “across the boundary with one single e-lock under separate monitoring” and make the green light on the e-lock as the inspection result for reference of the other party. It thus reduces any duplication inspection of the same shipment by both Customs administrations at busy land boundary control points, saving time and cost for the industry.



Customs officer checked E-lock of a cross-boundary truck.



Distribution of clearance points of SELS

Nowadays, SELS covers 62 clearance points in the Mainland, including 49 clearance points located in all of the nine Mainland municipalities within the Greater Bay Area and 13 clearance points in other parts of Guangdong. Together with the 13 clearance points in Hong Kong, SELS provides the trade industry with over 800 cross-boundary route options, so as to tie in with the rapid development of the cross-boundary commerce.

China Post Hong Kong Limited (China Post)'s registration with SELS in December 2020 signifies the extension of the Scheme's coverage from general cargo to China Post's Mainland postal items passing through Hong Kong.

With the support from the Commerce and Economic Development Bureau, C&ED has been provided with a fund under the TechConnect Block Vote by the Innovation and Technology Bureau for conducting a comprehensive feasibility study on E-lock enhancement. The study was completed in December 2021 and the new e-lock will be fully aligned with the national security standard of the mainland, which helps to strengthen the cooperation between two Customs administrations, thereby further enhancing cooperation in clearance facilitation.

Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme)

C&ED launched the Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme) on 20 December 2015 for providing Customs supervision and issuance of Certificate of Non-manipulation. The FTA Scheme facilitates cargo passing through Hong Kong to be qualified for preferential tariffs under the trade agreements signed between the Mainland and her trading partners.

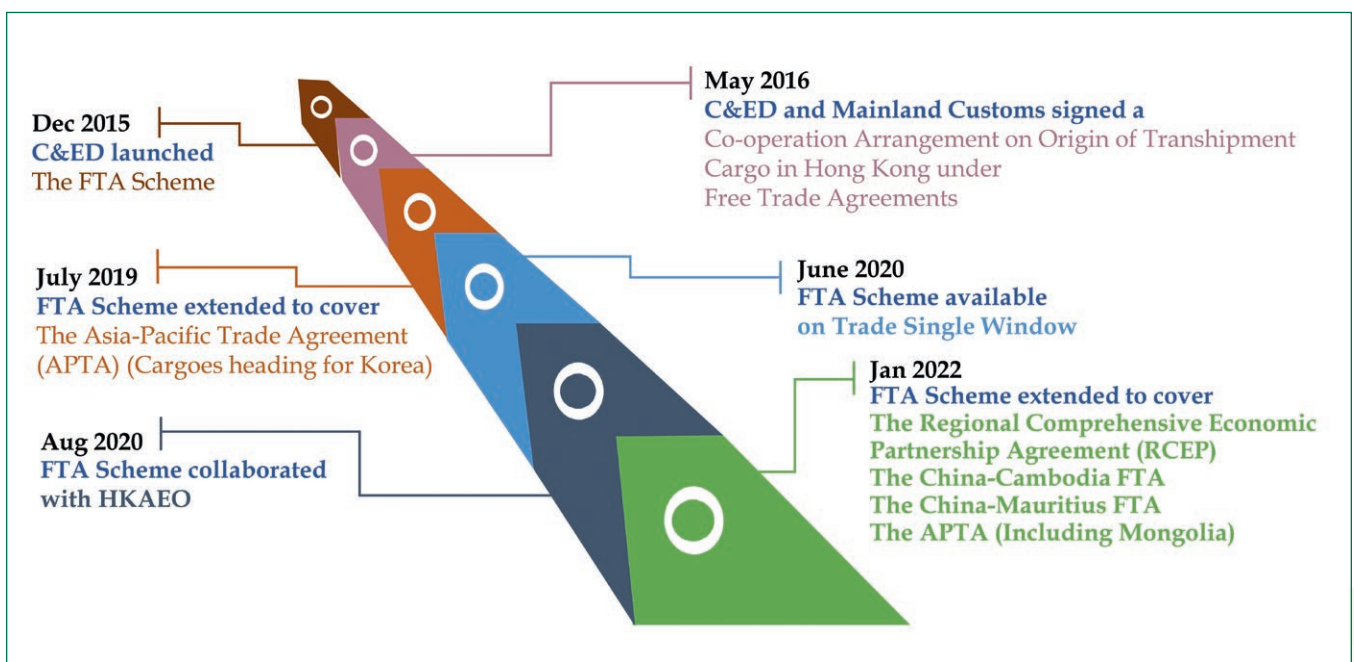
C&ED has been collaborating progressively with the Mainland and overseas counterparts in a bid

to extend the coverage of the FTA Scheme. In view of the signing of the Regional Comprehensive Economic Partnership Agreement (RCEP) in 2021, C&ED made effort to coordinate with the General



Administration of Customs (GACC) and successfully extended the FTA Scheme upon the implementation of RCEP on 1 January 2022. In addition, GACC confirmed the principle for the FTA Scheme under the China-Cambodia Free

Trade Agreement, China-Mauritius Free Trade Agreement and Asia-Pacific Trade Agreement (APTA) by the end of December 2021. Upon the extension, three new countries namely Japan, Mauritius and Mongolia were covered from 1 January 2022. After the extension, the number of the trade agreements covered in the FTA



Major milestones of the FTA Scheme

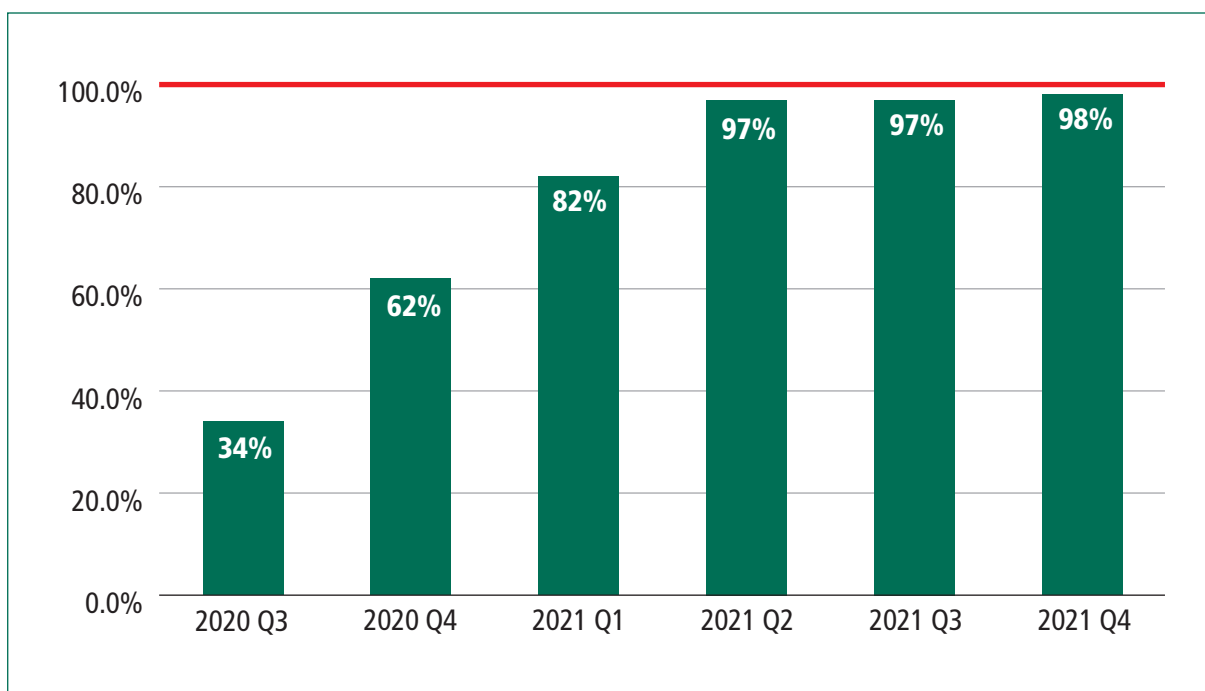
Scheme has been increased from 15 to 18. Also, the number of countries/regions has been increased from 63 to 66, 53 of which are along the economic corridors of the Belt and Road Initiative.

Submission of e-application

With effect from 24 June 2020, e-application for the Certificate of Non-manipulation under the FTA Scheme can be made on the Trade Single Window (TSW) platform. As at 31 December 2021, around 98 per cent of applications were received via TSW.

To sustain the support for businesses in view of the impact of COVID-19, the service fees payable (including the documentary processing fee and Customs supervision service fee) under the FTA Scheme were waived for one year with effect from 1 October 2020. This fee waiver measure has further been extended for one year starting from 1 October 2021.

In 2021, C&ED received 5 251 applications for cargoes with a total trade value of \$3 billion and tariff savings of around \$200 million. C&ED will continue to extend the scope of service of the FTA Scheme and encourage stakeholders to utilise the service in order to strengthen Hong Kong’s status as a logistics hub in the Asia Pacific region.



Percentage of applications received via TSW platform.



Customs officers processed FTA containerized cargo.



Customs officers processed FTA consolidated cargo.

Hong Kong Authorized Economic Operator (HKAEO) Programme

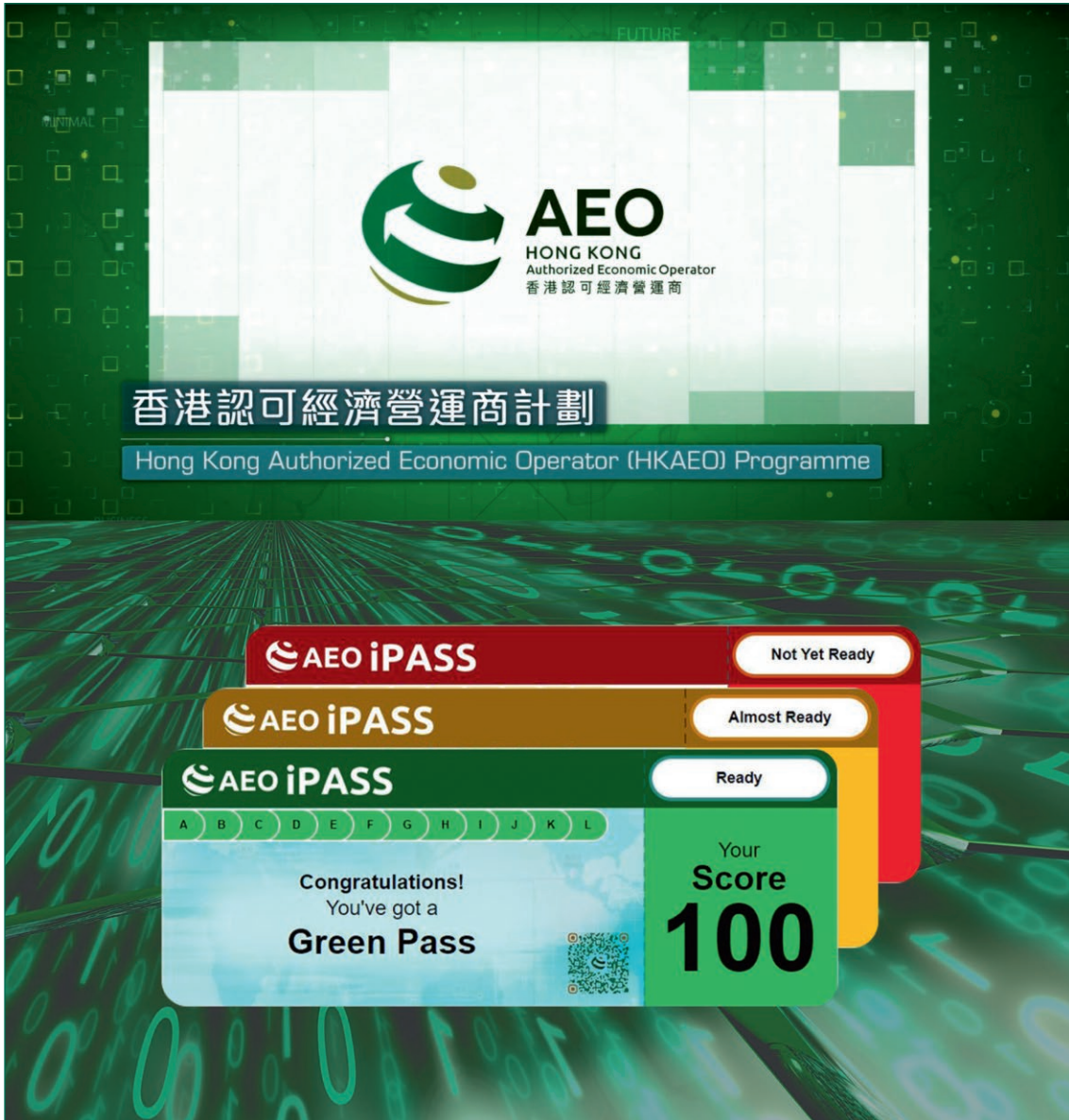
To safeguard the international supply chain and facilitate global trade, C&ED launched the HKAEO Programme in April 2012. The Programme allows local companies satisfying prescribed security requirements to be accredited as trusted partners, whose cargoes are eligible for reduced inspections and priority clearance at entry and exit points. Up to 2021, C&ED has accredited 75 HKAEOs.

C&ED has been taking active steps to develop mutual recognition arrangements (MRAs) with other customs administrations with a view to multiplying benefits for HKAEOs. Up to 2021, C&ED had signed 12 MRAs with the major trading partners of Hong Kong. Despite the challenges posed by the epidemic, C&ED endeavoured to sign the 13rd MRA with Indonesia Customs in 2021. Joint validation visit was concluded in July with participation of the Indonesian Customs attaché in Hong Kong while a virtual bilateral meeting was held in November to advance the MRA development. MRA with Indonesia Customs is expected to be ratified by 2022.

Implementation of Authorized Economic Operator (AEO) 2.0

To tie in with the development of Smart Customs Blueprint, C&ED introduced AEO 2.0 in order to strive for more benefits for HKAEOs through collaboration with other relevant agencies and with the use of innovation and technology. With effect from August 2021, HKAEOs can enjoy expedited review service for their applications for Admission Temporaire/Temporary Admission (ATA) Carnet issued by the Hong Kong General Chamber of Commerce.

Besides, in February 2021, C&ED developed an online self-assessment tool named AEO iPASS to assist companies to get better prepared for participating in the HKAEO Programme. In December 2021, the AEO Platform for Data Exchange (APEX) was launched to enable more efficient, secure and timely automated exchange of AEO information between C&ED and its MRA signatories, thereby ensuring timely trade facilitation to HKAEOs.



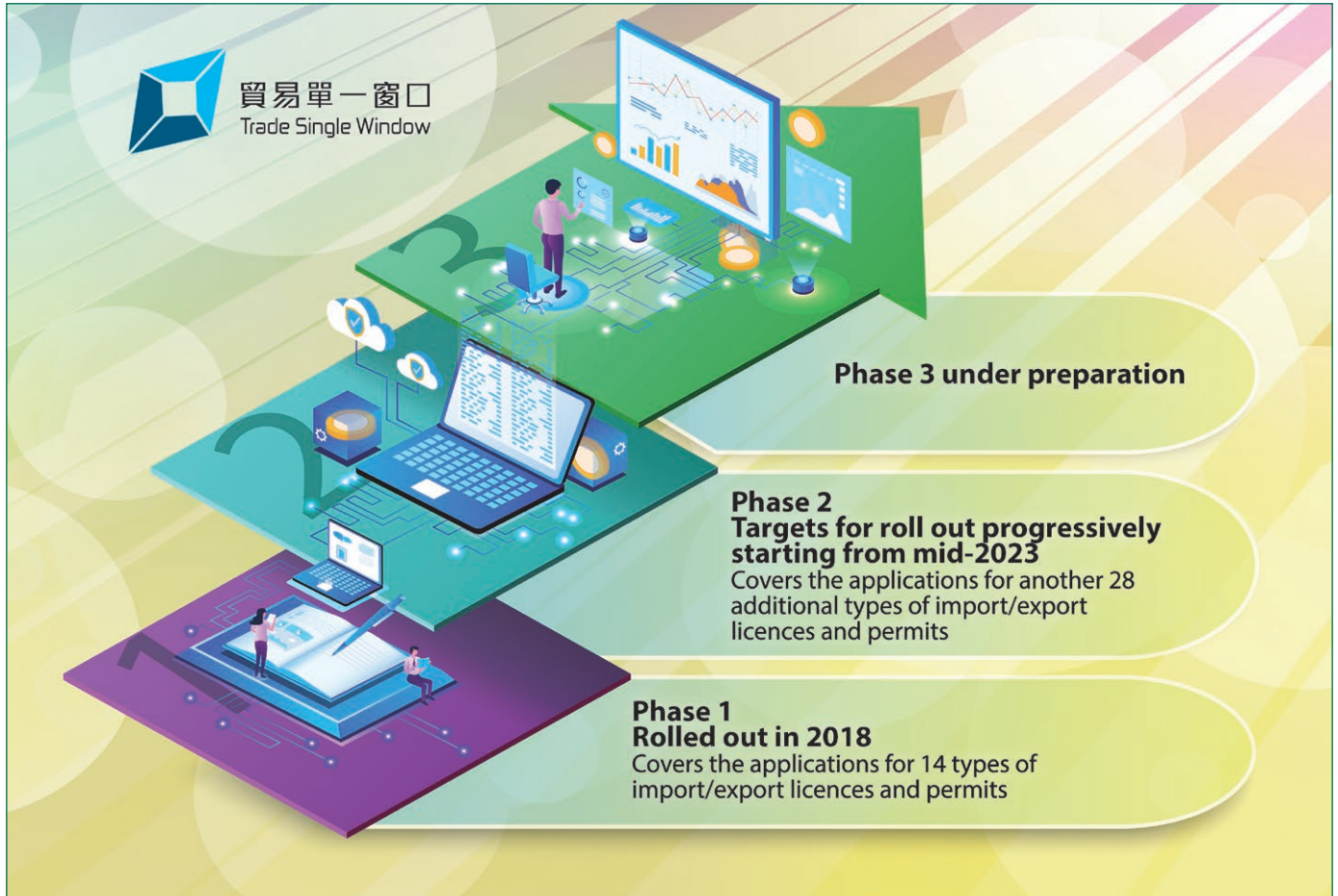
C&ED launched the AEO iPASS in 2021 to better the administration of the Hong Kong AEO Programme through the use of innovation and technology.

Development of Trade Single Window

To maintain Hong Kong's competitiveness as a trading and logistics hub and to align with the international trend, the Government announced in 2016 to set up a Trade Single Window (TSW) in Hong Kong for one-stop lodging of Business to Government (B2G) documents to facilitate trade declaration and customs clearance. The Commerce and Economic Development Bureau has established a Project Management Office (PMO) since April 2016 to take forward the initiative alongside C&ED and other participating government agencies (PGAs). As the operator of TSW, to tie in with the launch of TSW, the Office of TSW Operation was established in 2018 to oversee the system's operation and provide support to TSW users through publicity, outreach and training, helpdesk and hotline services.

Phase 1 in Full Service

The TSW is implemented in three phases. Phase 1, first rolled out in 2018, is now in full service. It covers 14 types of trade documents, which include mainly import/export licences or permits for specific controlled goods, providing a voluntary e-option for the trade to lodge the relevant types of documents. The trade's feedback on the TSW services has been positive, and the take-up rate for the new system has been on the progressive rise since the launch of Phase 1. As of the end of December 2021, the average monthly usage rate reached over 80%. For some types of licences/permits, the usage rates have reached and maintained at 100%.



The TSW is implemented in three phases.

Roll-out of Phase 2

The Phase 2 services will cover another 28 types of trade documents. The development work is proceeding full steam ahead. We expect that the Phase 2 services will be rolled out progressively starting from mid-2023. In addition, the

Government has been taking forward the preparation work for the implementation of Phase 3. C&ED will continue to provide full support to the PMO and PGAs for the implementation of Phase 2 and 3.

Engaging the trade to push forward TSW development

In 2021, despite the challenges posed by the epidemic, C&ED continues to strengthen the efforts in publicity and promotion work. As the

epidemic situation has remained stable, C&ED adopted adaptive strategy to resume face-to-face contact and company visits gradually to ensure the trade is well connected with the latest development on TSW.



The TSW was promoted to the trade and PGAs via virtual meetings during the epidemic.



Seven Participating Government Agencies were included in Phase 1 of TSW, namely the Agriculture, Fisheries and Conservation Department, Customs and Excise Department, Civil Engineering and Development Department, Office of the Communications Authority, Environmental Protection Department, Trade and Industry Department and Department of Health.

7. Customs Co-operation



Mainland Customs

C&ED has all along been forging stronger ties with the Mainland Customs and achieved fruitful outcomes in various aspects of co-operation. Regular liaison meetings are convened with the General Administration of

Customs (GACC) and the Guangdong Sub-Administration of the General Administration of Customs (GSAC) to review and explore ways to further enhance the co-operation. In 2000, C&ED entered into a Customs Cooperative Arrangement (CCA) and has been actively deepening co-operations with the GACC with

a view to further strengthening the mutual co-operation in the areas of passenger, cargo and vehicle processing, anti-smuggling, anti-narcotics, protection of intellectual property rights and provision of administrative assistance. Virtual Liaison Officers' meetings were held with the GSAC and GACC in June and December 2021 respectively.

Macao Customs Service (MCS)

C&ED has been working hand in hand with the MCS over the years in the areas of revenue protection, anti-narcotics, anti-smuggling, protection of intellectual property rights as well as training and intelligence exchanges. Both administrations also endeavour to seize our country's development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. Regular liaison meetings are convened with a view to strengthening the co-operation between the two Customs administrations. A virtual meeting with the MCS was held in January 2021.

World Customs Organization (WCO)

The WCO, established in Brussels in 1952, is dedicated to the simplification and harmonisation of Customs systems and procedures, advancement of Customs techniques, improvement of Customs operations and promotion of co-operation among members to facilitate international trade.

C&ED has been actively participating in the 138th Council Session held virtually in June 2021 and WCO activities including promotion of capacity building, integrity, trade facilitation, revenue protection, anti-piracy, counter-terrorism measures, environmental issues and global supply chain security. Customs officers have also been seconded to the Compliance and Facilitation Directorate, the Regional Intelligence Liaison Office for Asia and the Pacific as well as the Asia Pacific Regional Office for Capacity Building to provide support on relevant scopes.



The GACC



The WCO 138th Council Session



Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr. TAM Yat-keung (left), led a delegation to attend virtual meetings



The 2nd APEC Sub-Committee on Customs Procedures Meeting

Asia Pacific Economic Co-operation Sub-Committee on Customs Procedures (APEC SCCP)

APEC, established in 1989, is a premier forum, aiming to foster trade, investment and economic growth in the Asia Pacific region. The APEC SCCP, with objectives to harmonise and simplify regional Customs procedures to ensure that goods and services move efficiently, effectively and safely across the region, is the main APEC forum actively participated by C&ED. C&ED has been collaborating closely with other member economies through the 2nd APEC Sub-Committee on Customs Procedures Meeting held virtually in August 2021 to reconcile and

facilitate Customs control in order to promote the global supply chain security.

Overseas Customs Administrations

In an effort to enhancing co-operation in intelligence exchange and strengthening enforcement activities in the battle against transnational crimes, Hong Kong Customs is keen to establish collaboration with potential overseas Customs administrations by signing bilateral co-operative instruments. C&ED, so far, has concluded 27 CCAs with other Customs counterparts.



In March 2021, C&ED entered into Customs Co-operative Arrangements (CCA) with the Singapore Customs and the Georgia Revenue Service.

8. Information Technology

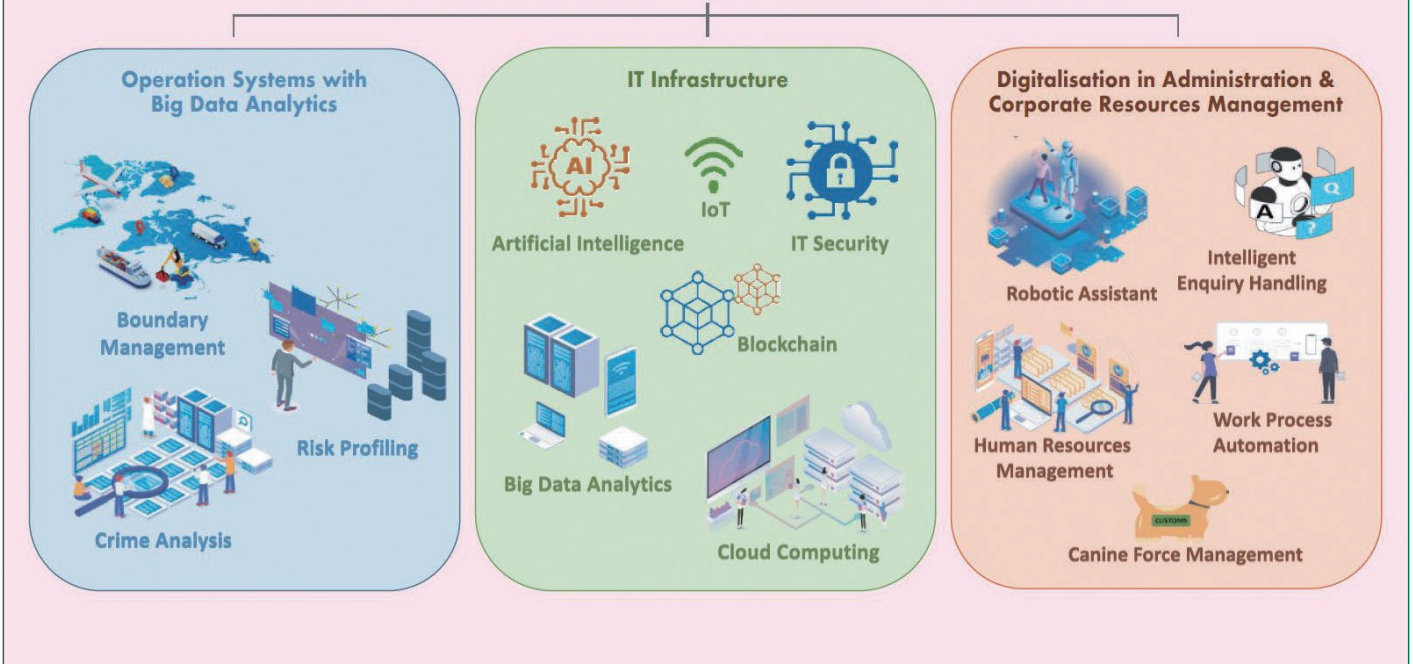


C&ED has been adopting information technology (IT) in different work domains to enhance operational efficiency and service quality. To advance with the rapid IT development in recent years, more innovation and technologies (I&T) have been adopted by C&ED to meet its existing and future operational needs.

The Second Information Systems Strategy Study (ISSS)

C&ED has conducted the second round of ISSS between 2019 and 2020, aiming to formulate an up-to-date and holistic IT strategic plan for

Information Systems Strategy Study (ISSS)



Information Systems Strategy Study

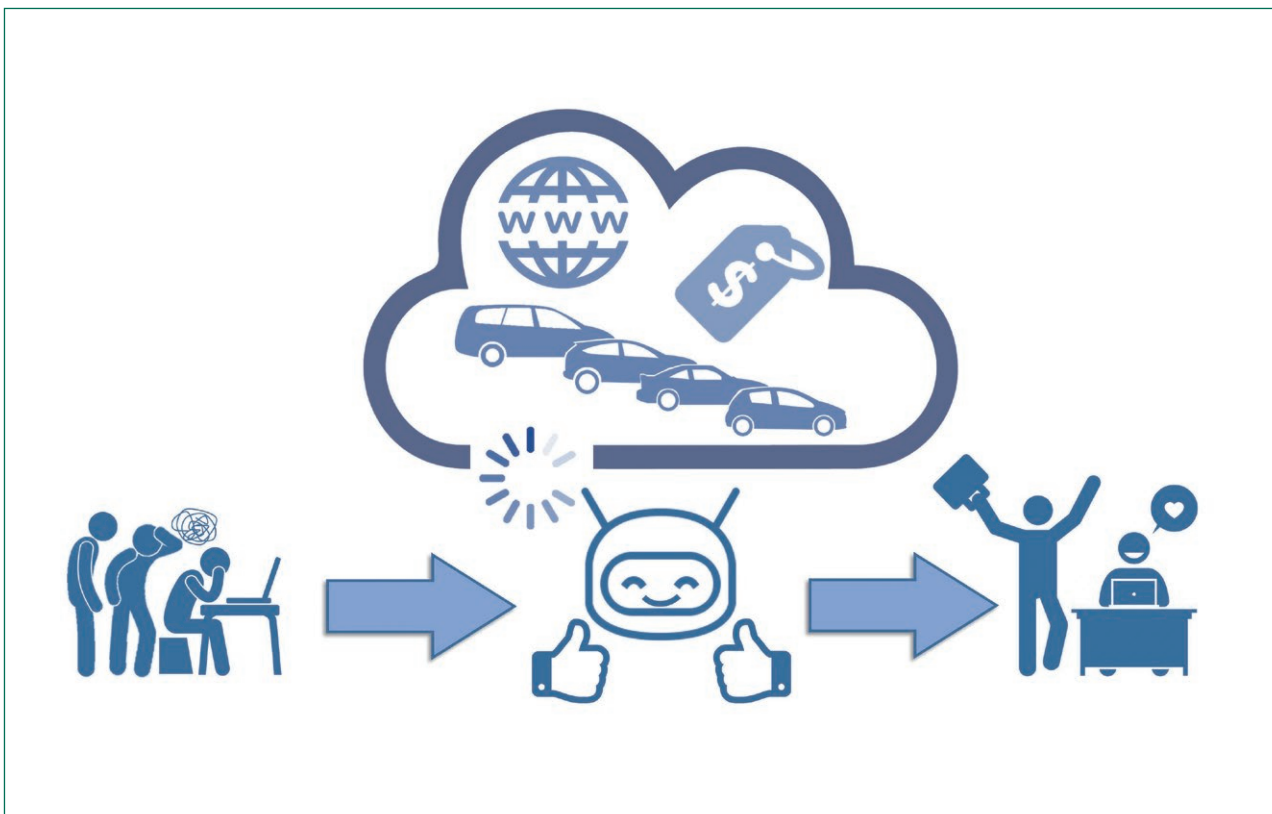
the coming decade and beyond. Pursuant to the ISSS’s findings, C&ED will optimise the use of I&T, such as cloud computing, big data analytics and artificial intelligence (AI), to achieve digital transformation and ultimately evolve into a data-driven organisation.

Under ISSS, C&ED is developing the “Smart Customs Information Technology Infrastructure” which comprises the cloud infrastructure, “Customs Big Data Application System” and IT security enhancement. The project is targeted to commission in 2026.

Application of Innovation and Technology

To support the “Smart Customs” Blueprint and the implementation of ISSS’s recommendations, C&ED is exploring I&T applications in various Customs’ fronts. The following are examples of ongoing projects:

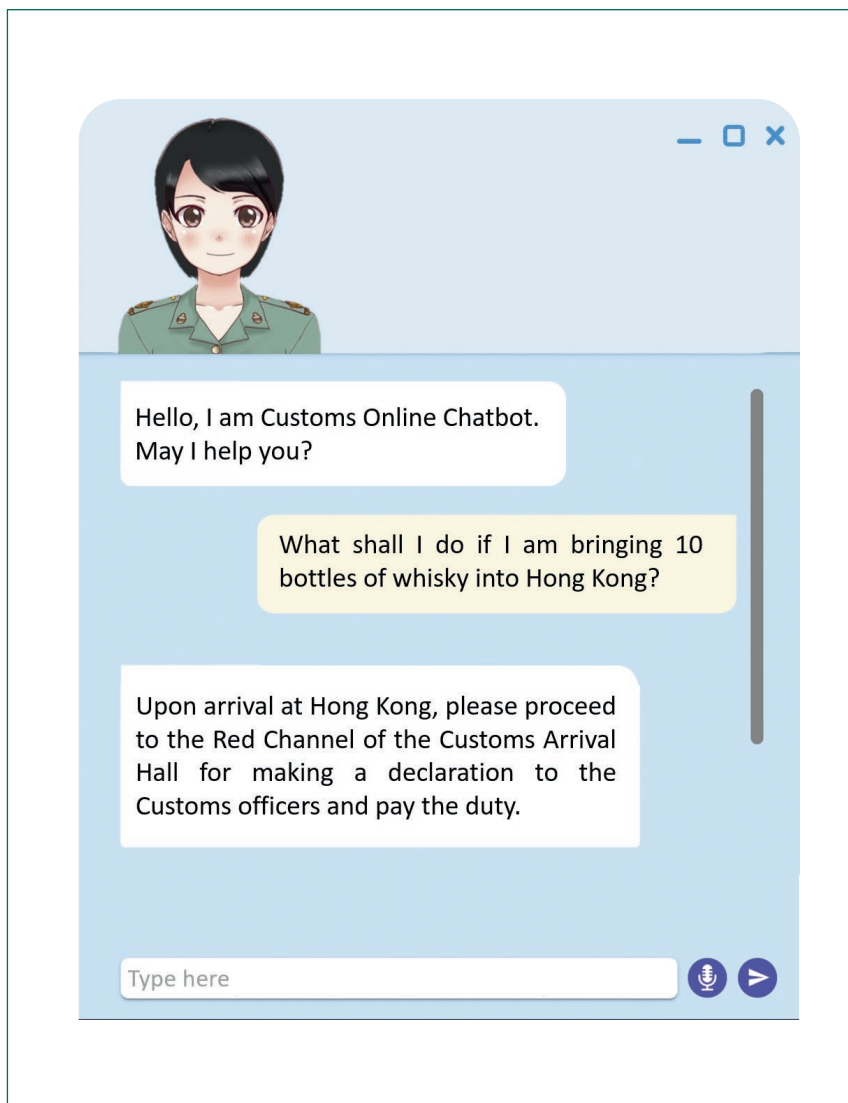
The “Robotic Process Automation (RPA) System” leverages software robot to automate manual tasks and enhance work efficiency, such as online market researches for motor vehicle valuation.



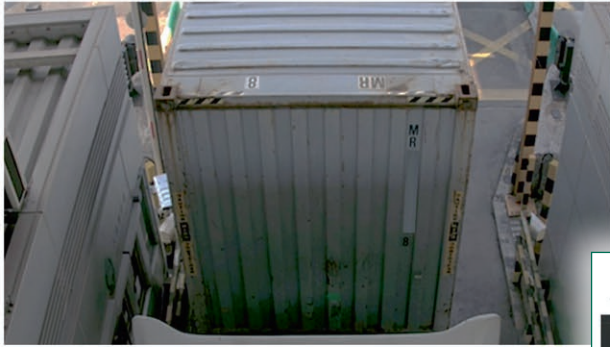
The adoption of RPA to enhance the process of motor vehicle valuation with speed and accuracy.

The “Smart Customs Interactive Response System” utilises chatbot solution equipped with machine learning and natural language processing (NLP) technologies to alleviate the heavy workload in handling public enquiries. The online chatbot

will be deployed to C&ED’s website and the virtual robotic assistants will be set up at boundary control points and/or buildings of C&ED.



An illustration of the online chatbot.



Capture 4/22/2021, 3:36:34 PM	Container MRXXXXXXXXX8
Serial code 6063XXXX	Control digit 1
Owner code MRXX	Owner city Sri Lanka
Owner Country Colombo	Height 30

The AI engine was trained through machine learning to analyse live-streamed video at a vehicular lane, to identify and capture container number and to tag it to the crossing record of the cross-boundary goods vehicle.



Capture
4/23/2021, 4:51:13 PM

Plate
XX3XXT
Country / Region
China / Hong Kong

OCR Time
806

Multiplate
2

Close

The AI engine could identify the trailer number and tag it to the crossing record of the cross-boundary goods vehicle.

With the AI-powered video analytics technology applied to the live-streamed video of vehicular lanes, C&ED can precisely identify the container

number and trailer number of cross-boundary goods vehicles.

Information Systems in Trade Facilitation and Customs Enforcement

C&ED is committed to promoting e-business via the construction of electronic platforms that facilitate submission of trade information and application for specific licences. In this regard, the “Road Cargo System” (ROCARS), the “Money Service Operators Licensing System”, the “Dutiable Commodities System” and the “Currency and Bearer Negotiable Instruments Declaration System” (CDS) are in service.

To facilitate the public to login to online services with a single digital identity, C&ED has upgraded ROCARS and CDS in June 2021 by adopting “iAM Smart”.

C&ED has further enhanced its trade facilitation capacity with the official launch of the “Authorized Economic Operator (AEO) Platform for Data Exchange” (APEX) in December 2021. APEX enables automated exchange of AEO information between C&ED and its Mutual Recognition Arrangement signatories, thereby providing AEOs with prioritised and seamless clearance services at control points.



iAM Smart



“Authorized Economic Operator Platform for Data Exchange” (APEX) was officially launched in December 2021.

In order to strengthen the enforcement against money laundering, the Government is proposing a registration regime to regulate dealers in precious metals and stones. As the regulatory body, the “Dealers in Precious Metals and Stones Registration System” is under development by C&ED to enforce the regime.

Development on Information Technology Facilities

Various IT projects are in the pipeline to support the future Customs operations at Intermodal Transfer Terminal, Hong Kong Boundary Crossing Facilities Island of the Hong Kong-Zhuhai-Macao Bridge, DHL Central Asia Hub Expansion, Transit Mail Centre and the Three-Runway System, all of which are scheduled for commissioning between 2022 and 2024.

Computer Forensic Laboratory

C&ED has set up the “Computer Forensic Laboratory” (CFL) and the “Computer Analysis and Response Team” to assist frontline investigators in analysis and restoration of digital evidence, and in provision of testimony during prosecution in court. The CFL has been accredited with international management standards of ISO

9001 on Quality Management and ISO 27001 on Information Security since 2006.

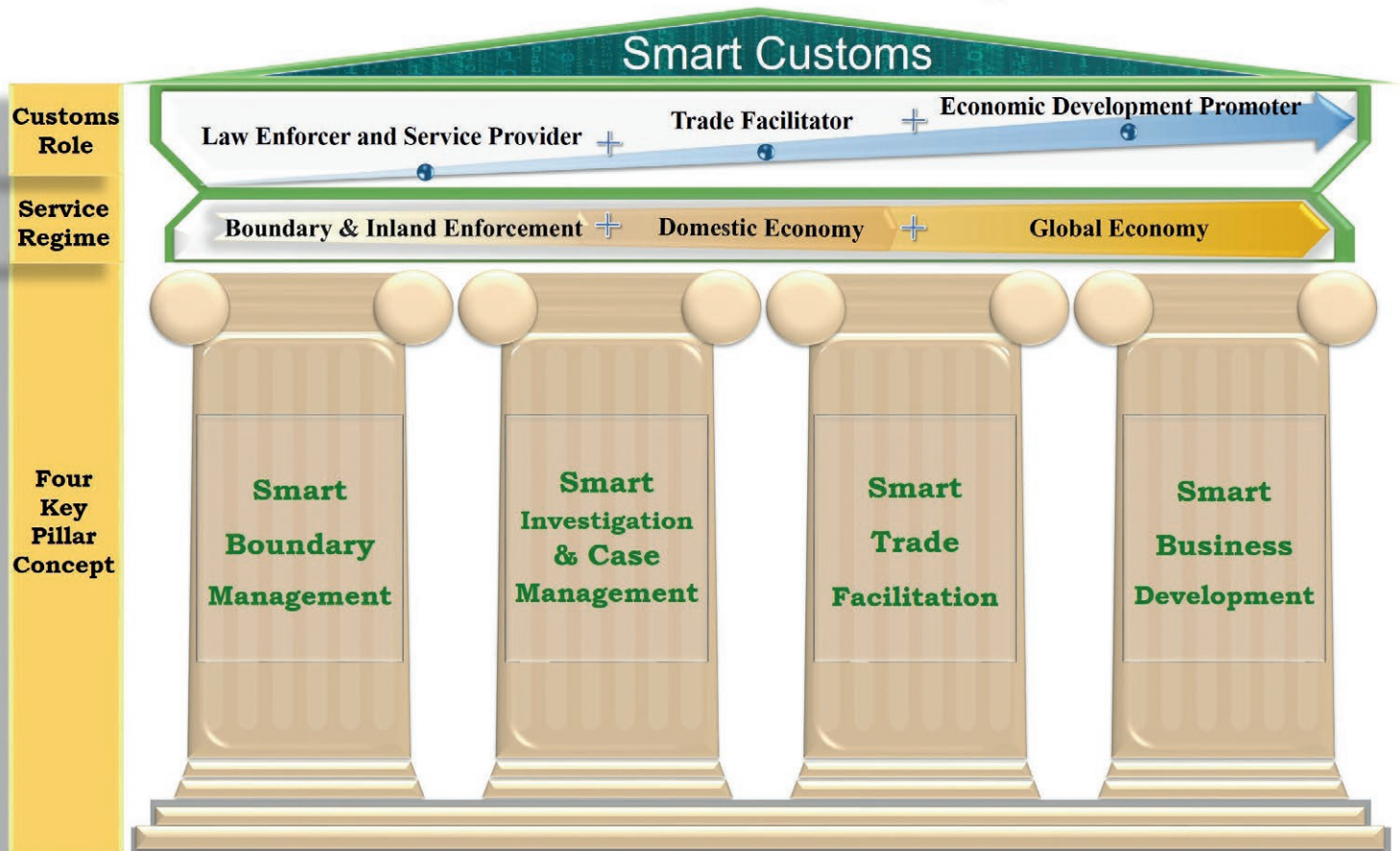
Since its establishment, the CFL has processed 1 392 cases involving intellectual property rights infringement, internet piracy, money laundering, drug trafficking, smuggling, false trade descriptions and revenue frauds.



Data Centre of C&ED

9. Latest Development

Smart Customs Blueprint



Ever since 2019, along the path of Hong Kong’s “Smart City” development, C&ED has promulgated the “Smart Customs Blueprint” by constructing four key pillars, namely the “Smart Boundary Management”, “Smart Investigation and Case Management”, “Smart

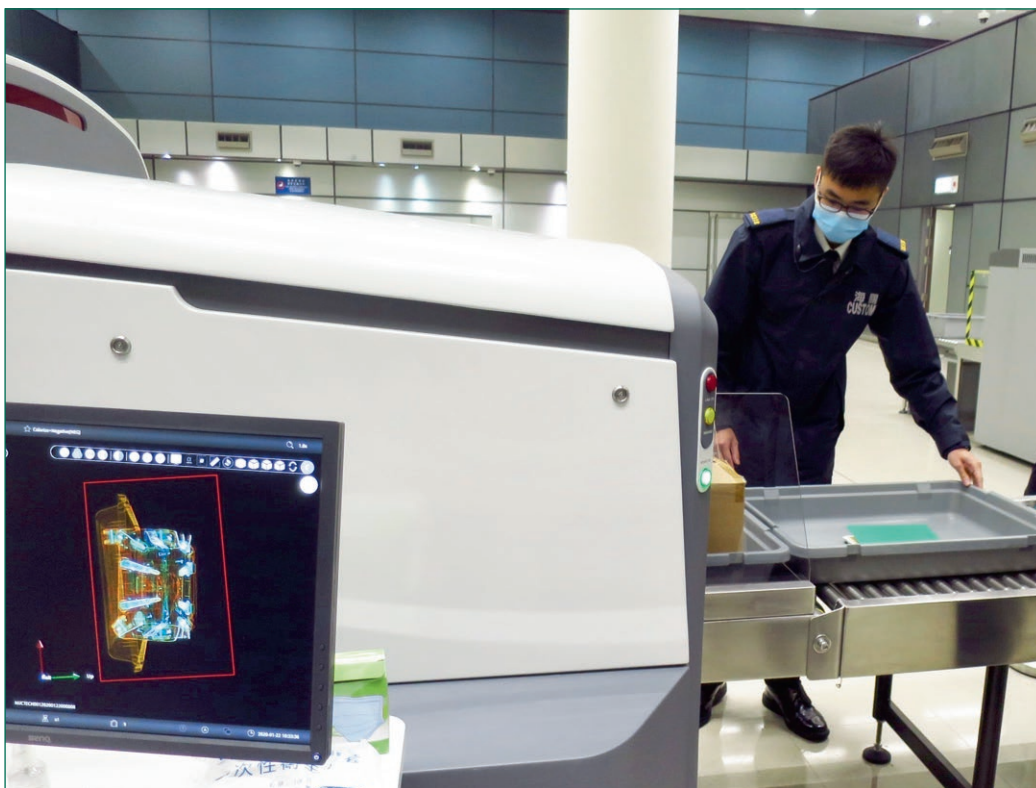
Trade Facilitation” and “Smart Business Development” so as to tie in with the development of the “Guangdong-Hong Kong-Macao Greater Bay Area” and “the Belt and Road Initiative”.

I. Smart Customs Blueprint

Under the Blueprint, C&ED focused on the development of Advanced Equipment for Customs Clearance, Big Data and Artificial Intelligence Analysis and Reinforcement of Interconnection to strengthen its role as “law enforcer and service provider” and “trade facilitator” and shoulder a diversified role by becoming an “economic development promoter” and maintaining Hong Kong’s status as a “Safe City”, “Business City” and “Investment City”. To date, C&ED has implemented and been actively developing a series of smart initiatives.

(1) Advanced Equipment for Customs Clearance

C&ED kept introducing advanced inspection equipment, for instance, Computed Tomography (CT) Scanner with artificial intelligence function to provide 360-degree scanned images with no blind spots and automatic recognition of dangerous drugs and other contrabands; Auto-detection Device for existing X-ray checker with AI functions embedded to assist in screening for suspicious objects and automatic detection of various contrabands, such as firearms and its parts and weapons; Raman Spectrometer to speedily identify



Computed Tomography Scanner

dangerous drugs without contact or opening of the package of the sample, etc. These advanced inspection equipment could greatly facilitate the clearance efficiency and enhance the ability in combating smuggling and other customs-related offence.

Meanwhile, smart initiatives to enhance the services provided to travellers and the trade at and beyond control points will be rolled out by phases. At the front of cargoes, C&ED introduced the Air Cargo Clearance Queuing System, which enabled cargo agents of the logistic sector to queue up for collection of cargo by using mobile devices to

minimise waiting time. C&ED also completed a feasibility study on the Single E-lock Scheme 2.0 in December 2021 for enhancement of the security and compatibility of the E-lock with a view to accelerating the flow of transshipment cargoes within the Greater Bay Area. At the front of passengers, an interactive response system which includes robotic assistants at control points and online chatbot at Customs' website, has been under development to provide instant, accurate and consistent responses to enquiries of the public. Relevant proof-of-concept (PoC) studies are being conducted and C&ED planned to put in place the system by 2023.



C&ED launched "Air Cargo Clearance Queuing System" mobile application to enhance Customs clearance efficiency.

(2) Big Data and Artificial Intelligence Analysis

Starting from 2020, C&ED has introduced sophisticated analytic systems in phases, including the Platform for X-ray Image Evaluation, Vehicle Inspection and Strategic Analysis System, Cargo Big Data System and Smart Liquor Duty Assessment to aid risk profiling on passenger, cargo and vehicle clearance at the control points for enhancing clearance efficiency as well as strengthening the cross-boundary contrabands detection. Moreover, to ensure consumer safety and public health, C&ED has introduced a portable Non-contact Healthcare Multimeter which can quickly test the types and concentrations of alcohol content of alcoholic disinfection

products and determine whether they contain methanol.

With the success in introducing the Intellectual Property Rights (IPR) Big Data Analytics System for combating IPR crimes in 2017, C&ED has been working to expand the system to cover other offences enforced by the Department with a view to developing the Customs Crime Analytics System (CCAS). CCAS will serve as a smart analytics platform for the Department to step up its capabilities in intelligence processing, case investigation and crime detection. C&ED is also developing the Smart Seizure Management System to better rationalise the control and security of seizures during deposit, storage and retrieval stages.



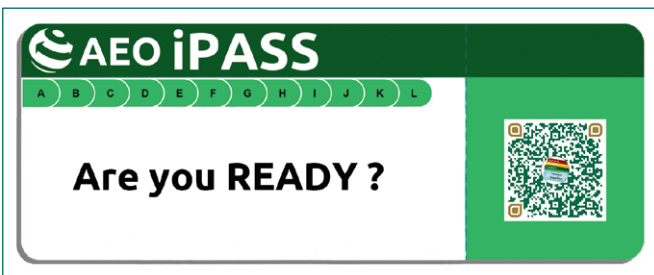
(3) Reinforcement of Interconnection

Regarding reinforcement of interconnection, C&ED has further enhanced the Hong Kong Authorized Economic Operator (HKAEO) Programme, including the priority processing of applications made by HKAEO under the Free Trade Agreement Transshipment Facilitation (FTA) Scheme and the expedited review service for HKAEO’s applications for Admission Temporaire/ Temporary Admission (ATA) Carnet issued by Hong Kong General Chamber of Commerce. These extended benefits for HKAEO could enhance its competitiveness and connectivity with global business opportunities.

With an aim to further step up cargo shipments’ supply chain security and enhance customs-clearance friendliness, connection with the customs administrations of other economic entities through an AEO data exchange platform (APEX) was established in December 2021. In February 2021, an online self-assessment tool, namely AEO iPASS, was introduced to facilitate self-understanding of certifying standards and initial self-assessment by companies that are interested to join the HKAEO Programme.

Looking Ahead

Guided by the “Smart Customs Blueprint”, C&ED will continue to further explore different areas in deploying advanced and innovative technologies and rolling out new initiatives, so as to further facilitate customs clearance, strengthen its law enforcement capability, and enhance services provided to the public. Smart Customs initiatives will also complement the information exchange, mutual recognition of regulations and mutual assistance in law enforcement with the Mainland authorities, thereby contributing to the deepening development of the “Guangdong-Hong Kong-Macao Greater Bay Area” and “the Belt and Road Initiative”.



AEO iPASS



AEO Data Exchange Platform

II. New Control Points and Infrastructural Projects under Planning

Infrastructural projects are in the pipeline to support Hong Kong's continued economic development and to cope with the increasing cross-boundary traffic:

(1) Heung Yuen Wai Boundary Control Point

The Heung Yuen Wai Boundary Control Point (HYW BCP) helps redistribute cross-boundary traffic amongst other existing crossings and

alleviate congestion. It adopts a "direct access" and "two-storey concept" design with an area 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.

On 26 August 2020, the cargo clearance service commenced operation. The commissioning dates of passenger clearance service and private car clearance service would be determined after further deliberation between the Shenzhen Municipal Government and the HKSAR Government.



Source: Architectural Services Department

Heung Yuen Wai Boundary Control Point

(2) Three-Runway System

To meet future air traffic growth and maintain Hong Kong's competitiveness as an international aviation hub, the Hong Kong International Airport (HKIA) will be expanded with the Three-Runway System (3RS). The construction commenced in August 2016 and the target completion date will be end of 2024.

Development of the 3RS mainly includes building of a new runway, taxiways and apron with 57

new parking positions, building of a Third Runway Concourse, expansion of the existing Terminal 2 to accommodate more arriving and departing passengers, and building of a new high-speed Baggage Handling System and a new Automated People Mover system connecting Terminal 2 with the new passenger building. Upon the completion of the 3RS, the HKIA will be able to serve 30 million additional passengers annually.



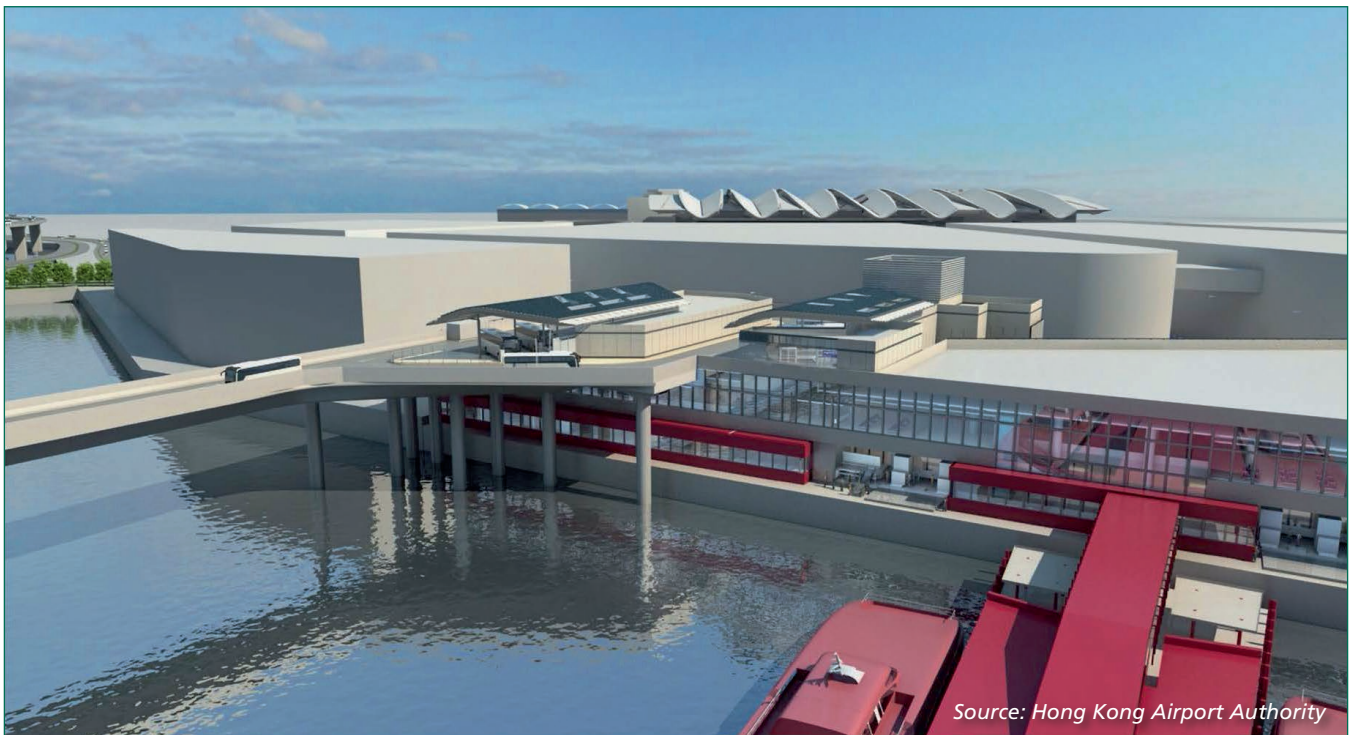
Source: Hong Kong Airport Authority

Three-Runway System

(3) Intermodal Transfer Terminal

The AAHK is developing an Intermodal Transfer Terminal (ITT) to meet the anticipated demand from additional transfer passengers at the HKIA following the opening of the Hong Kong-Zhuhai-Macao Bridge (HZMB).

Development of the ITT includes expansion and modification of the existing SkyPier and a bonded road linking to the Hong Kong Boundary Crossing Facilities of HZMB. The target completion date will be in the fourth quarter of 2022.



Intermodal Transfer Terminal

10. Training and Development



To advocate the professionalism of its staff and help them to develop knowledge and skills throughout their careers, C&ED makes significant efforts in staff training and development. It basically pursues a competency-based strategy which is supplemented by personal development programmes for individual staff. The Office of Training and Development (OTD) of the Administration and Human Resource Development Branch is responsible for organising or coordinating training and development programmes for members of the Customs and Excise Service as well as the Trade Controls Officer Grade officers.

Office of Training and Development

With the steer on training policies determined by C&ED's Training Steering Committee, which is chaired by the Deputy Commissioner

(Management and Strategic Development), OTD is responsible for cross formation training and development while individual major formations are responsible for organising formation specific training.



Hong Kong Customs College

Training and Development Activities

C&ED formulates its human resource development strategies on the basis of the competency requirements of its staff who are tasked to fulfil specific departmental functions. OTD organised a wide range of training programmes throughout the year to enhance the core competencies and functional competencies of officers. Training and development activities were principally designed in accordance with the training roadmap for officers at individual grades and ranks.

As one of the Regional Training Centres (RTC) of the World Customs Organization (WCO) in the

Asia Pacific Region, Hong Kong Customs College (HKCC) plays an active and significant role in supporting the WCO's capacity building initiatives. RTC Hong Kong, China will continue to provide staunch support to the WCO and Asia/Pacific Office for Capacity Building (ROCB A/P) for the capacity building efforts in the region.

For the purposes of benchmarking international best practices and providing officers with exposure opportunities, C&ED sent 68 officers to attend different training programmes hosted by academic institutions, customs organisations and law enforcement administrations in Hong Kong, the Mainland and overseas countries/territories in 2021.



Asia/Pacific Regional Training Centre of the World Customs Organization

Foundation Learning and Development

A good foundation can help an organisation to grow stronger and healthier. To equip new recruits with better and practical job knowledge and skills, HKCC has always taken proactive actions to provide high quality foundation training by upgrading its instructors' quality, instructional facilities and materials, and course syllabuses.

Besides laws of Hong Kong, foot drill, discipline and integrity, a diverse mix of knowledge (e.g. Chinese history, the National Security Law, import and export trade practices, leadership, use of

force, Putonghua and healthy lifestyles) are incorporated into the induction training for both Inspector and Customs Officer recruits. To familiarise the trainees with the workplace environment, practical training with simulated and interactive exercises has been introduced. In view of the COVID-19 pandemic, not only has HKCC enhanced anti-epidemic measures, but it has also adopted a flexible and diversified training method such as online training and small group tutorial to ensure the continuity of training.

In November 2021, HKCC passed the professional assessment by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications for accreditation of the Passenger



Physical Fitness Training



Firearms Training

Processing Course and Cargo Processing Course at QF Level 4 (the same QF level as a local Associate Degree or a Higher Diploma). Graduates will be awarded “Professional Certificate in Customs Control and Enforcement (Passenger Clearance)” or “Professional Certificate in Customs Control and Enforcement (Cargo Clearance)” by the HKCC. Besides, HKCC also passed the re-accreditation of the Inspector Induction Course at QF Level 5 (the

same QF level as a local Bachelor’s Degree) and Customs Officer Induction Course at QF level 4. All four courses were granted the longest validity period of four years. In 2021, 64 Probationary Inspectors were awarded “Professional Diploma in Customs Management for Inspectors”, while 140 Probationary Customs Officers were awarded “Professional Diploma in Customs Operations for Customs Officers”.

HKCC has been collaborating with the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) (the HKMU) and the School of Continuing and Professional Education of the City University of Hong Kong to enhance enforcement training of the Inspector Induction Course and the Customs Officer Induction Course, and provide articulation pathways for the graduates. Apart from various concepts of criminology, sociology and psychology

delivered by the universities, the enhanced training also covers knowledge in conflict management, media relations, public service management, etc. Graduates of the new Induction Courses will be awarded the “Certificate in Law Enforcement and Customs Management” by the HKMU, and are entitled to credit exemptions when pursuing relevant programmes offered by the two universities.



The Hong Kong Council for Accreditation of Academic and Vocational Qualifications presented Statements of Accreditation Approval of the accredited training programmes to C&ED on 29 December 2021.



Closing Ceremony of ATCOIC

C&ED attaches great importance to quality training and professionalism for all grades of its law enforcement staff. The Assistant Trade Controls Officer Induction Course (ATCOIC) aims at imparting the fundamental knowledge that a new recruit of Assistant Trade Controls Officer (ATCO) should know, the functional knowledge enabling an officer of Trade Controls Branch to discharge duties, and the knowledge on conduct

and discipline as well as personal development. Since October 2020, the ATCOIC has been accredited as a QF Level 5 programme. It is the first ever civilian law enforcement induction course accredited at QF Level 5. In 2021, 56 probationary ATCOs were awarded the “Professional Diploma in Trade Controls for Assistant Trade Controls Officer” at QF Level 5.

National Security Education

To raise the awareness of national security of staff members, HKCC has prepared a series of dedicated training materials on the Hong Kong National Security Law, which have been incorporated into the Induction Courses as a compulsory subject for newly recruited Inspectors, Customs Officers and ATCOs. HKCC further launched a new e-learning programme in June 2021 on “Constitution, Basic Law and

National Security Law” tailored for Customs officers. The programme provides diversified learning resources such as relevant seminars, videos, news, leaflets and keynote speeches by significant Mainland officials, in order to deepen officers’ understanding of HKSAR’s constitutional order, the contents of the National Security Law, the holistic view of national security, key aspects of national security, and C&ED’s role in safeguarding national security.



Lecture on the National Security Law



“Constitution, Basic Law and National Security Law” e-learning programme

HKCC will continue to closely co-operate with the Civil Service College in providing the most suitable courses and e-learning resources for all officers to ensure that they have a clear understanding of their responsibility of safeguarding national security.

Personal Development of Staff

C&ED advocates a schematic approach whereby senior and middle managers are nurtured through a designated roadmap. In 2021, three senior officers were sent to attend leadership development programme in Hong Kong.

To train up middle managers by strengthening their national identity awareness, professional knowledge of politics, economics, public administration, public policies, etc., C&ED sent two officers to attend a 2.5-year part-time Executive Master of Public Administration Programme organised by the Tsinghua University from September 2021.

C&ED is dedicated to enhancing Service members’ enforcement knowledge and providing them with articulation pathways for Bachelor’s Degree Programmes. HKCC collaborated with the HKMU for launching a one-year part-time Bridging Course, “Certificate in Law Enforcement and Customs Management” in September 2021 and a total of 27 officers took the course. Upon successful completion of the course, officers will be entitled to credit exemption when pursuing the “Bachelor of Social Sciences in Law Enforcement and Security Management” (or with Honours).

Continuous Learning and Development

C&ED adopts 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 training, the departmental Corporate Portal paves way for individual officers to achieve self-learning

through studying the e-Learning programmes at their own pace.

C&ED also collaborates with the Civil Service College to deliver e-Learning through the Cyber Learning Centre Plus, with 47 programmes encompassing topics related to operational skills, communication, legal knowledge, integrity, constitution and national security.



Opening Ceremony of Part-time “Certificate in Law Enforcement and Customs Management” Course

To encourage continuous learning, C&ED also sponsored officers to pursue part-time Master Degree Programmes related to Criminology and Public Administration.

As a driving force for continuous development, C&ED also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers to maintain professionalism.

Specialised Training

Customs officers encounter different levels of resistance or violence in their daily execution of duty. To safeguard officers' safety, a number of specialised training courses were provided to frontline officers to enhance their capability in responding to various kinds of threats and on the proper use of force in different enforcement situations. Other specialised training courses on investigations were also organised to strengthen officers' ability in analysing intelligence and planning in-depth investigations against organised crimes.

Prosecution-related training

For successful prosecution in a criminal case, the Service Prosecution Group organised a considerable number of training courses and sharing sessions on prosecution-related matters for frontline officers, including court procedures and trial preparation, court attendance and case handling, prosecution and forfeiture procedures, mock trials, etc. in an effort to keep frontline officers abreast of the latest legal knowledge and courts' requirements.



Specialised training courses were provided to frontline officers on the use of force.

11. Finance and Administration



The Administration and Human Resource Development Branch performs the functions of human resource management, finance management, establishment control, integrity management, supplies stores and management of seizure, as well as promoting welfare and occupational safety and health.

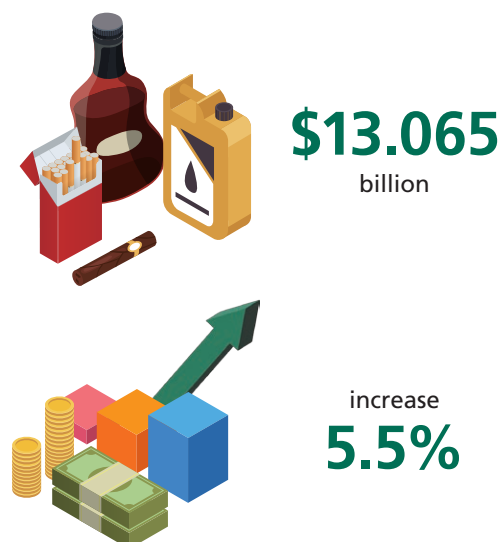
Finance

Revenue

C&ED collected \$13.065 billion of revenue in 2021-22, representing an increase of 5.5 per cent over that in 2020-21. The increase was mainly attributable to the increase in revenue collection from cigarettes, hydrocarbon oils and alcoholic beverages.

A summary of the revenue collected in 2020-21 and 2021-22 is at Appendix 7.

2021-22 Revenue

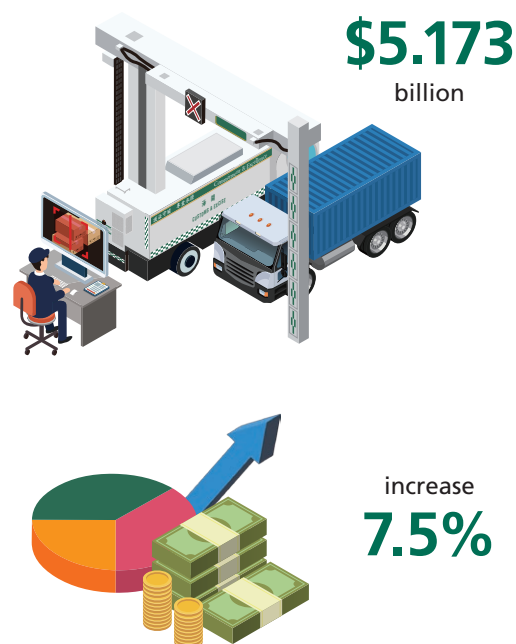


Expenditure

The total expenditure of C&ED in 2021-22 was \$5.173 billion, representing an increase of 7.5 per cent over that in 2020-21. The increase was mainly due to the increase of personal emoluments and personnel related expenses arising from the Grade Structure Review for the Disciplined Services Grades; full year impact of the commissioning of cargo clearance facilities at the Heung Yuen Wai Boundary Control Point; provision of 24-hour cargo clearance services at Shenzhen Bay Control Point; and cash flow requirement for capital projects.

A summary of the total expenditure in 2020-21 and 2021-22 is at Appendix 8.

2021-22 Expenditure



Seizure Management

The provision of service for the storage and disposal of seized goods is one of the major tasks of C&ED. In 2021-22, the total average storage space available for accommodating seized goods and vehicles in government storehouses was 57 084 square metres while that in private godowns was 5 690 cubic metres.

After forfeiture, the seized goods are disposed of by methods including auction or destruction. About 43 600 items of confiscated goods, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles were disposed of in 2021-22. The proceeds from the sale of forfeited goods during the period amounted to about \$19.16 million.

Administration

Human Resource Management

C&ED's human resource management aims at strengthening the capabilities of its staff in achieving C&ED's mission and in delivering business results in an efficient and effective manner. C&ED maintains good and stable governance through its well-established mechanisms in recruitment, performance management, promotion, reward, discipline and posting. Inspectorate, Customs Officer and Trade Controls Officer Grades officers will perform the core duties of Customs 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, C&ED has maintained a professional and effective workforce to meet the organisational objectives and the challenges ahead.

Promotion of Staff Integrity and “Healthy Lifestyle”

C&ED is committed to maintaining a responsible and reliable workforce. To cultivate a stronger culture of professional ethics and probity among its staff, C&ED strengthened its integrity management framework and fostered educational and publicity campaigns on staff integrity and healthy lifestyle in the past year.

Following the establishment of the Integrity Management Group (IMG) in December 2020, Major Formations set up their own Formation Integrity Management Committees (FIMCs) to oversee the implementation of integrity measures and promotion of healthy lifestyle at the formation level in early 2021. There were 30 officers holding the ranks of Superintendent, Chief Trade Controls Officer, Senior Executive Officer or equivalent appointed as Formation Integrity Management Officers to take care of matters pertaining to promotion of staff integrity and healthy lifestyle within the formation. Both IMG and FIMCs have since been working closely together on matters related to integrity management. In addition to the integrity training package (including promotional videos) centrally produced by IMG for department-wide use, FIMCs also compiled formation-specific training materials for heightening the integrity awareness of their staff during quarterly in-house integrity training programmes. Moreover, a series of thematic training, including a workshop co-hosted with the Independent Commission Against Corruption (ICAC), was arranged for different grades and ranks of officers. All civil servants in the Department (around 8,000 nos.) completed the ICAC’s “Integrity Management e-learning Platform for Civil Servants” within the year.



C&ED Newsletter “The Pine”


To strengthen ethical values among departmental staff, a set of core values towards integrity was imparted to them through a variety of integrity building activities including slogan competition, quiz, comic drawing competition, e-sticker creation competition and “Challenges for better healthy lifestyles”.

Moreover, C&ED newsletter, “The Pine”, continues to promote the concept of healthy lifestyle in its staff and the application of integrity and professional ethics principles as promulgated in the Code on Conduct and Discipline under different real-life circumstances.



Integrity Management e-learning Platform for Civil Servants.

Strengthening the Integrity Management of the Department



(5) Reinforcing integrity training

- (a) Formation Integrity Building Package**
 - ▶ Compilation of the Formation Integrity Building Package by each formation for frontline officers
 - ▶ Customized and timely updated according to the duties and specific working environment of the particular formation
 - ▶ Quarterly training sessions
- (b) Mandatory completion of the e-learning course**
 - ▶ Integrity Management e-Learning Platform for Civil Servants (by ICAC)

The then Deputy Commissioner, Ms. Louise HO, delivered an online briefing introducing the new integrity management framework of the Department and integrity measures.

第九版《品行及紀律守則》 影像培訓教材



Screenshots of the training video for the latest edition of the "Code on Conduct and Discipline"



Winning entries of the C&ED Integrity Slogan Competition

Promotion of Occupational Safety and Health

C&ED has been making strenuous efforts to ensure workplace safety and to raise staff awareness of occupational safety and health (OSH). The Occupational Safety and Health Steering Committee, chaired by Assistant Commissioner (Administration and Human Resource

Development), was established to formulate policies in respect of OSH in the Department. In addition, an Occupational Safety Working Group and a Health and Welfare Working Group were set up under the auspices of the Steering Committee to coordinate the promotion of occupational safety and implementation of work safety measures, promote occupational health and

strengthen the provision of welfare assistance. With a view to further promoting OSH in the Department, a Senior Divisional Occupational Safety Officer has been on secondment from the Labour Department to assist in the formulation and review of OSH policies and strategies. In 2021, the Occupational Safety Working Group continued to take actions on multiple fronts to meet the said objectives, in particular by paying regular visits to workplaces of C&ED for safety inspection.

One case in point is the efforts made by the Ports and Maritime Command (PMC) Safety and Health Committee to promote co-operation between the management and the frontline in instigating, developing and carrying out measures to ensure the safety and health at work of all officers. Apart from arranging safety inspection on different

workplaces, conducting risk assessment for all work activities, reviewing relevant guidelines, organising training on OSH, the Committee also ran an activity called “OSH Chinese Calligraphy cum Creative Graphic Design Competition for the Lunar New Year” in December 2021 to promote OSH awareness in PMC.

Welfare, Sports and Recreation

In view of the development of the COVID-19 epidemic situation in Hong Kong and to comply with the social distancing measures and regulation of prohibition on group gathering, most of the sports and recreation activities under the C&ED Sports and Recreation Club were temporarily suspended in 2021.



The winning entries of OSH Chinese Calligraphy cum Creative Graphic Design Competition



香港海關 二十四小時輔導及諮詢熱線

Customs and Excise Department
24 Hour Counselling & Consultation Hotline

香港海關僱員及直系家屬專用

Exclusively for Customs and Excise Department staff and their immediate family members

服務範圍 Service Coverage

- 輔導及諮詢熱線
Telephone Counselling Service
- 面談輔導
Face-to-face Interview
- 臨床心理服務
Clinical Psychology Service

服務時間 Service Hours

星期一至五：上午九時正至下午五時半
星期六：上午九時正至下午十二時半
公眾假期除外

Monday - Friday: 9:00am-5:30pm
Saturday: 9:00am-12:30pm
Except Public Holidays

在非辦公時間或當線路繁忙時，熱線會經傳呼台通知輔導員作盡快回覆。
Outside service hours or when the hotline is engaged, calls will be answered by paging service and counsellor will return call shortly.

談話內容 絕對保密
Conversations will be kept in
STRICT CONFIDENCE

服務提供

Promotional Poster for C&ED 24 Hour Counselling and Consultation Hotline

To give closer attention to staff welfare needs and to promote a caring culture among its staff, C&ED established the health and welfare management system. In 2021, there were 109 officers appointed as Health and Welfare Managers in various offices. These officers were provided with job related training and access to the 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.

Apart from in-house assistance, C&ED 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 organisations also provided training sessions to Health and Welfare Managers as well as colleagues in different formations on subjects such as mental health, first aid, handling of pathological gamblers, counselling skills and knowledge, etc.

12. Customs and the Community



Apart from being dedicated and committed to their work, Customs officers are keen to go directly to the community to connect with and to serve the public. To promote the duties of Hong Kong Customs and the relevant laws, Customs officers carry out various community education programmes to reach out to people from all walks of life with a view to reminding them to never become involved in illegal activities or to avoid breaching the law inadvertently. At the same time, Customs officers also devote themselves to all kinds of social service to further contribute to society in their spare time.

Anti-epidemic Work

C&ED has actively participated in and fully supported the multifaceted anti-epidemic measures of the Government of the Hong Kong Special Administrative Region in the fight against the COVID-19 epidemic since February 2020. C&ED's Anti-epidemic Team continued to offer staunch support to the Government and took part in carrying out duties by joining the Quarantine Camp Team, Home Visit Team, Quarantine Order Team and Contact Tracing Team as well as participated in the Community Vaccination Programme and the operations under the "Restriction-testing Declaration". Besides, the C&ED Volunteer Team, comprised

of both serving and retired officers, has been actively delivering anti-epidemic services to the community.

Home Visit Team

Hong Kong residents arriving from the Mainland and Macao may undergo compulsory quarantine at home. In order to avert those under home quarantine from breaching the quarantine order, the Home Visit Team has assisted the Department of Health (DH) in conducting spot checks on home quarantined persons. In 2021, the Home Visit Team has conducted over 7 300 spot checks.



Customs officers were on way to locate the residence of a home quarantined person.

Contact Tracing Team

To effectively suppress the spread of the COVID-19 epidemic in the community, the Contact Tracing Team has been assisting the Centre for Health Protection of the DH in conducting contact tracing and investigation of confirmed cases since 8 January 2021. Customs officers exerted extraordinary efforts in

identifying the venues visited by confirmed patients and tracing their close contacts within a short period of time so as to contain the spread of virus. From January to December 2021, over 80 Customs officers provided support to the Kai Tak Contact Tracing Office and handled more than 12 100 confirmed cases and over 1 600 close contacts.



A Customs officer explained the workflow of contact tracing to Deputy Commissioner of Customs and Excise (Control and Enforcement), Mr. CHAN Tsz-tat (second left).

Community Vaccination Programme

To provide support to the Community Vaccination Programme (CVP) which administered the COVID-19 vaccination to all Hong Kong residents, C&ED deployed a total of 112 officers to perform administrative and other executive duties (including registration, crowd management,

answering enquiries, offering assistance to members of the public in using the online booking system and other support duties) at the Community Vaccination Centres (CVCs), namely Tin Shui Wai Tin Fai Road Sports Centre, Shatin Yuen Wo Road Sports Centre and Tai Po Hui Sports Centre, from 26 February to 7 May 2021.



Customs officers conducted registration for residents at Shatin Yuen Wo Road Sports Centre Community Vaccination Centre.



A Customs officer distributed vaccination pamphlets to a member of the public who was going to have vaccination at Yuen Wo Road Sports Centre Community Vaccination Centre.

Operations under “Restriction-testing Declaration”

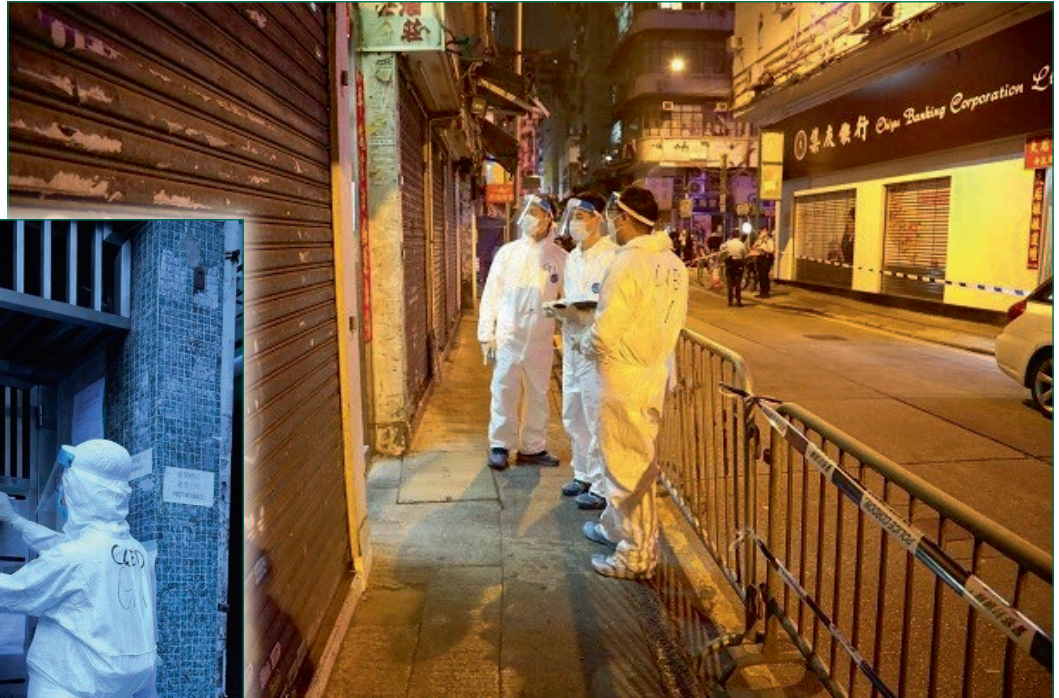
According to the needs of infection control and infection risk assessment, the Government may make a “restriction-testing declaration” in respect of buildings with confirmed cases or sewage

samples positive with COVID-19 under the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J), requiring people within the specified “restricted area” to stay in their premises and undergo compulsory testing. Since 23 January 2021, Customs officers have provided support to



Customs officers performed door-to-door registration for residents inside the specified “restricted areas” and informed them of the nucleic acid test arrangement.





Customs officers cordoned off entrances of buildings inside the specified "restricted areas".

the Home Affairs Department in a number of operations under such "restriction-testing declarations" and assisted in the cordoning off of buildings, tenant registration, nucleic acid test arrangement and crowd control in the specified

"restricted areas". During the period between January and March 2021, over 2 200 headcounts of Customs officers were mobilised to assist in a total of 11 operations at various districts.

C&ED Volunteer Team

In addition to the above-mentioned different teams, a group of current staff and retirees continued to support and participate in the anti-epidemic work. They actively engaged in voluntary work, and cared for the society. Amid the epidemic, Customs volunteers distributed

anti-epidemic materials and food to provide immediate assistance to those in need in the community and solve their immediate needs. From January to December 2021, about 900 headcounts of volunteers from the Customs Volunteer Team and Hong Kong Disciplined Services Volunteer Team (Customs Unit) participated in volunteer work.



Customs volunteers distributed anti-epidemic materials and food to the needy in the community.



The Volunteer Team helped the Food Angel to pack and donate the food to those in need of food assistance.



The Volunteer Team assisted the Hong Kong Federation of Handicapped Youth on Flag Day, to help promoting sports among people with disabilities, and construct a healthy, barrier-free and inclusive society.



Customs volunteers sent Christmas gift packages to children in different social welfare organisations, to share the warmth and happiness of Christmas.



The Volunteer Team jointly organised the "Writing Fai Chun in the Year of the Ox" with the Little Life Warrior Society, and virtually wrote Fai Chun with the sick children to welcome the New Year during the epidemic.

Customs YES

C&ED introduced a new youth programme “Customs YES” in January 2021 with a view to fostering young people’s positive values, law-abiding awareness as well as sense of belonging to the society and country via a diversified array of education-oriented activities. As at the end of December 2021, the Customs YES had recruited over 1 300 individual members aged between 12 and 24 and 31 organisation members (including schools and non-governmental organisations).

The activities of the Customs YES embrace four “C”, namely “Calibre”; “Customs”; “Community”; and “Country”. The programme aims at helping young people to enhance self-understanding, develop multi-talents, build up positive thinking, enhance understanding of C&ED’s work and develop sense of social belonging, national awareness as well as patriotism through a variety of activities covering personal development, C&ED’s work, career planning, community services and national education. During the year, the Customs YES organised over 70 activities with total attendance over 3 000.

Among them, the “Summer Internship Programme” introduced in July and August 2021 offered over 60 internship places at various formations of C&ED as well as other Customs’ business counterparts, providing members with the opportunities of gaining job experience and facilitating their career planning.



Activity under “Calibre” – Adventure Training Day Camp



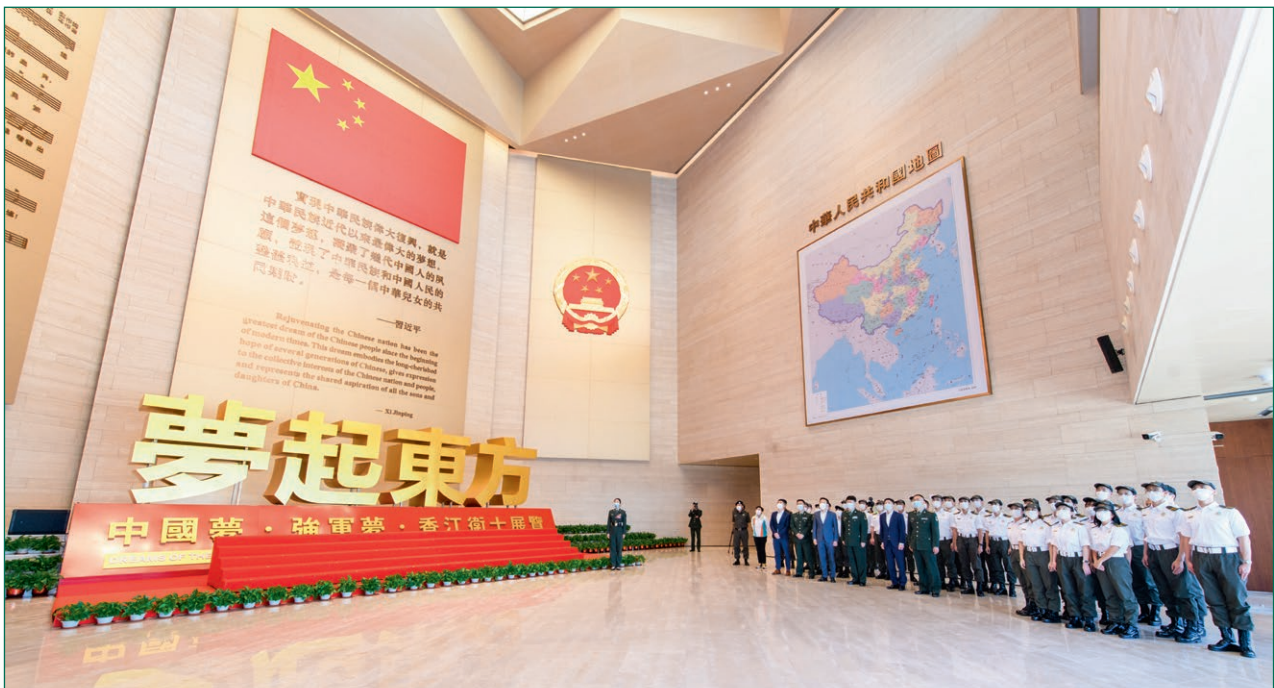
Activity under “Customs” – Visit to Customs Marine Base



Activity under "Community" – Innovation and Technology Workshop (Robotics Technologies)

C&ED has also formed a new youth uniformed group named "Customs Youth Leader Corps" under the framework of Customs YES, which aims at building up members' self-confidence,

team spirits and leadership through Chinese-style footdrill training, disciplinary training, regular assemblies and various education-oriented activities, thereby nurturing them into



Activity under "Country"- Visit to PLA Hong Kong Garrison Exhibition Center



Graduation Parade of Customs Youth Leader Corps Summer Training Camp

distinguished youth leaders. The “Customs Youth Leader Corps Summer Training Camp” held in July 2021 was the first event of the Customs Youth Leader Corps, during which 57 participants had undergone a variety of training and became the first batch of Customs Youth Leader Corps members. The Customs Youth Leader Corps had around 180 members as at the end of 2021.

In addition, the “Executive Committee of Customs YES” was set up to gather valuable opinions from community leaders of various sectors on the strategic direction for Customs YES’s sustainable development and activities.



Two summer interns joining the “Summer Internship Programme” met with the Commissioner of Customs & Excise, Ms. Louise HO.



A Chinese-style foot drill was held during the Graduation Parade of Customs Youth Leader Corps Summer Training Camp.



Chinese-style foot drill training during Regular Assembly of Customs Youth Leader Corps.



Flag-raising training during Regular Assembly of Customs Youth Leader Corps.



The first meeting of the Executive Committee of Customs YES

Tokyo Olympic Games Mainland Olympians Met with Disciplined Services Staff Members

On 4 December 2021, five Tokyo 2020 Olympic Games Mainland Olympians met with disciplined services staff members, shared their experience and gave sports demonstrations at the Fire and Ambulance Services Academy.

The five athletes were from the country's weightlifting and athletics teams. They were LI

Fabin (men's 61 kg weightlifting), CHEN Lijun (men's 67 kg weightlifting), GONG Lijiao (women's shot put), LIU Shiyang (women's javelin) and SU Bingtian (men's 100 metres).

A total of about 80 participants from C&ED including staff members, directors of the "Executive Committee of Customs YES" and their youth members took part in the event. The event also included a car-pulling challenge to raise funds for the Special Olympics Hong Kong.



Commissioner of Customs and Excise, Ms. Louise HO, directors of "Customs YES Executive Committee", youth members and Customs staff members participated in the event.



Disciplined services staff members exchanged experience with Tokyo 2020 Olympic Games Mainland Olympians.



Mr. CHEN Lijun from the country's weightlifting team, Commissioner of Customs and Excise, Ms. Louise HO and staff members of C&ED pulled C&ED's Mobile X-ray Vehicle Scanning System in the fund raising event.



Elite Athlete Charitable Trust (EACT) Jockey Club Active School Programme – Experience Day in Hong Kong Customs

EACT Jockey Club Active School Programme targeting school students aims at bringing vitality and positive energy to schools through sports trainings and all-round development activities.

In full support of the EACT Jockey Club Active School Programme and to deepen our engagement and bonds with the community, the C&ED Sports and Recreation Club in partnership with the Hong Kong Elite Athletes Association organised an Experience Day for more than 70 students from four secondary schools on 12 December 2021 in the Hong Kong Customs College. Various activities such as strategic simulated shooting training, touch rugby, rock climbing and team building activities were specifically organised for them on the day. Youngsters not only enjoyed the fun of sports but also experienced C&ED’s training life, strengthening their confidence, discipline and team spirit. It was through the launch of the Experience Day and interaction with youngsters that C&ED contributed jointly with the society to building a caring, harmonious and vibrant society for the healthy growth of the young generation.



Youngsters overcame challenge to reach to the top under Customs guidance.



Youngsters strengthened their understanding of Customs training through participation in strategic simulated shooting training.

Appendix 1

Establishment and Strength Position

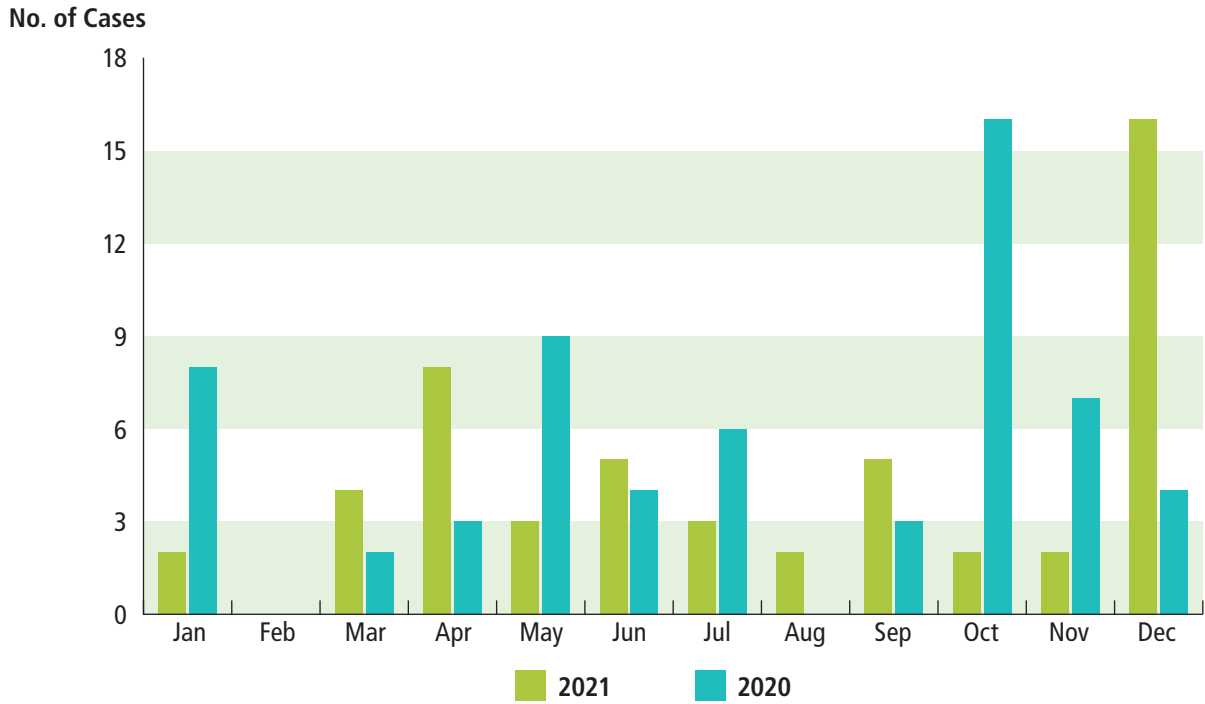
Category/Grade	2020		2021	
	(as at 31 December 2020)		(as at 31 December 2021)	
	Establishment (No.)	Strength (No.)	Establishment (No.)	Strength (No.)
Directorate Posts	9	5	9*	7
Sub-total	9	5	9*	7
Departmental Grades				
Superintendent/Inspector of Customs and Excise Grades	1,158	1,075	1,157	1,091
Customs Officer Grade	5,023	4,981	5,019	4,905
Trade Controls Officer Grade	534	474	533	476
Sub-total	6,715	6,530	6,709	6,472
General and Common Grades				
Executive Officer/Training Officer Grades	31	31	32	31
Treasury Accountant/Accounting Officer Grades	18	18	18	18
Official Languages Officer/Calligraphist Grades	20	20	19	19
Statistician/Statistical Officer Grades	5	5	5	5
Secretarial Grades	37	37	38	38
Clerical Grades	301	277	297	277
Supplies Grades	58	59	60	61
Others	209	201	214	196
Sub-total	679	648	683	645
Total	7,403	7,183	7,401	7,124

* The Finance Committee of the Legislative Council has approved the creation of one Deputy Commissioner post in the Customs and Excise Department with effect from 15 July 2022.

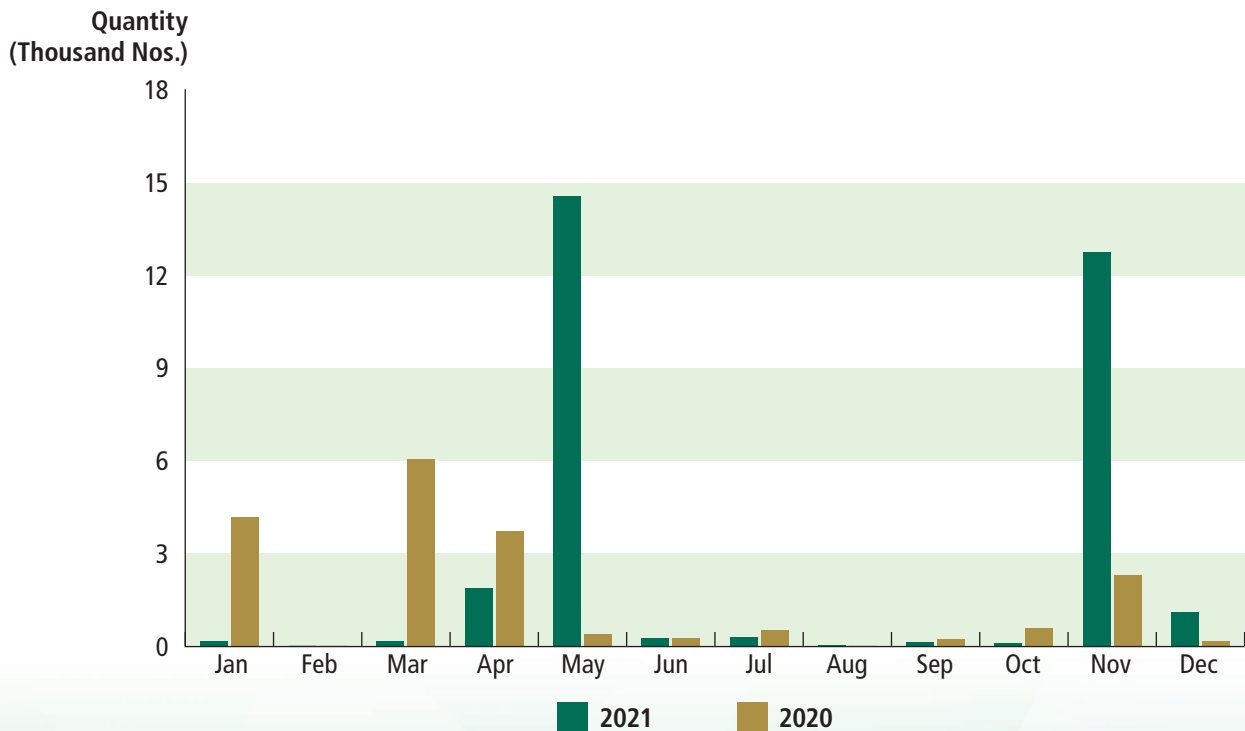
Appendix 2

Statistics on Infringing Cases

No. of Infringing Cases (2021 vs 2020)



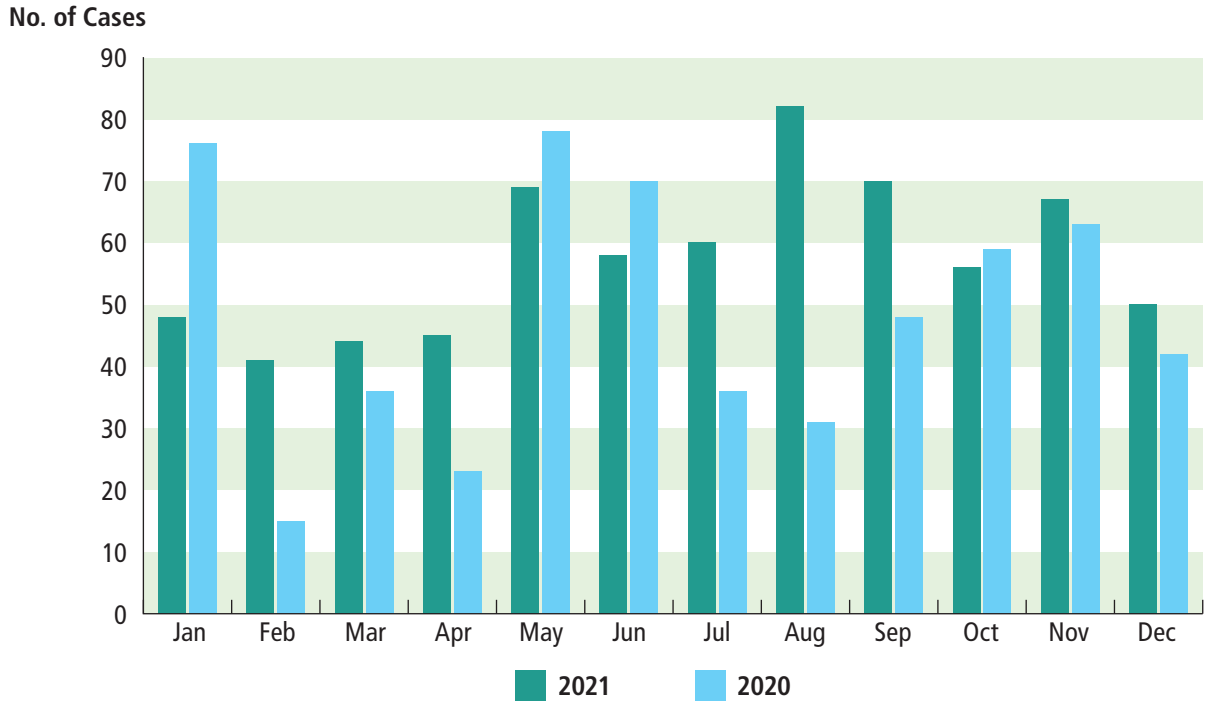
Quantity of Infringing Articles Seized (2021 vs 2020)



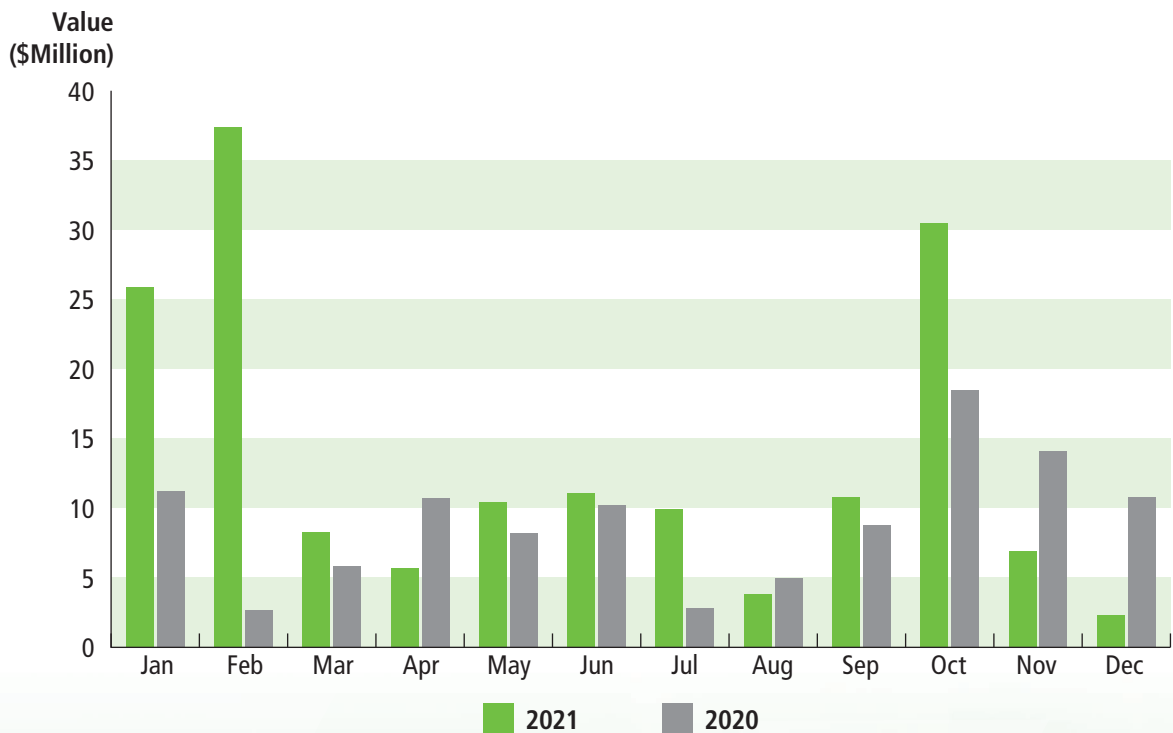
Appendix 3

Statistics on Forged Trademark Cases

No. of Forged Trademark Cases (2021 vs 2020)



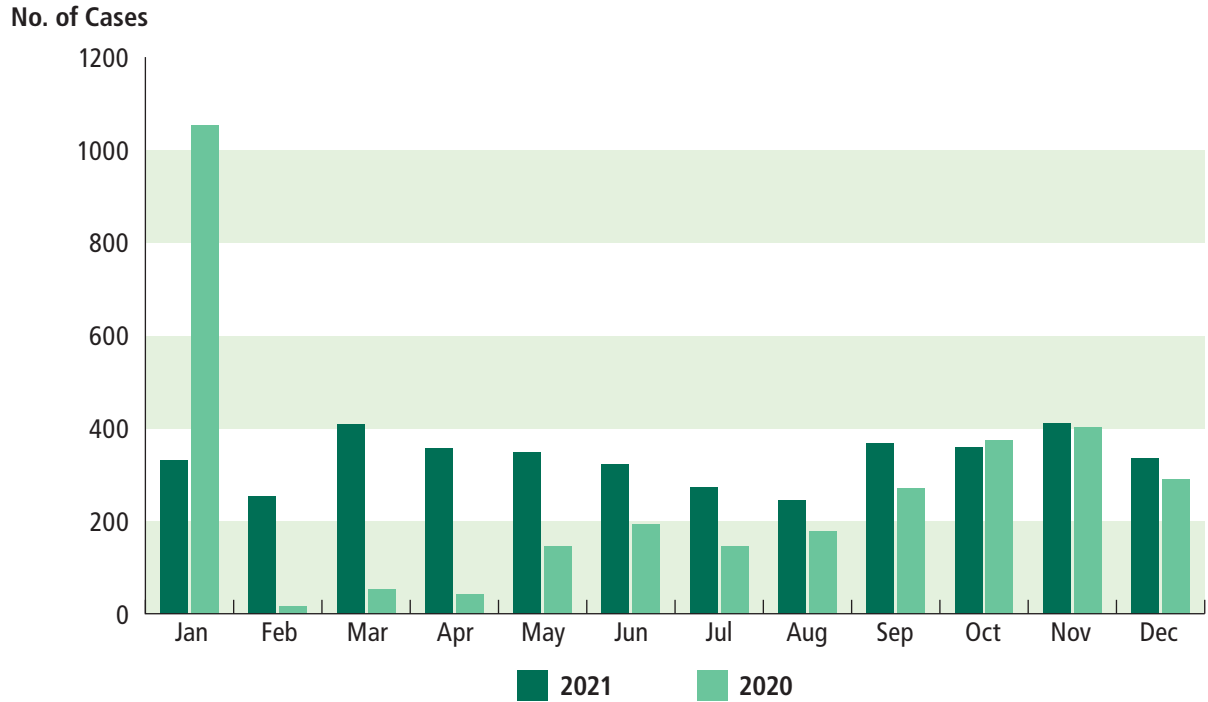
Value of Forged Trademark Goods Seized (2021 vs 2020)



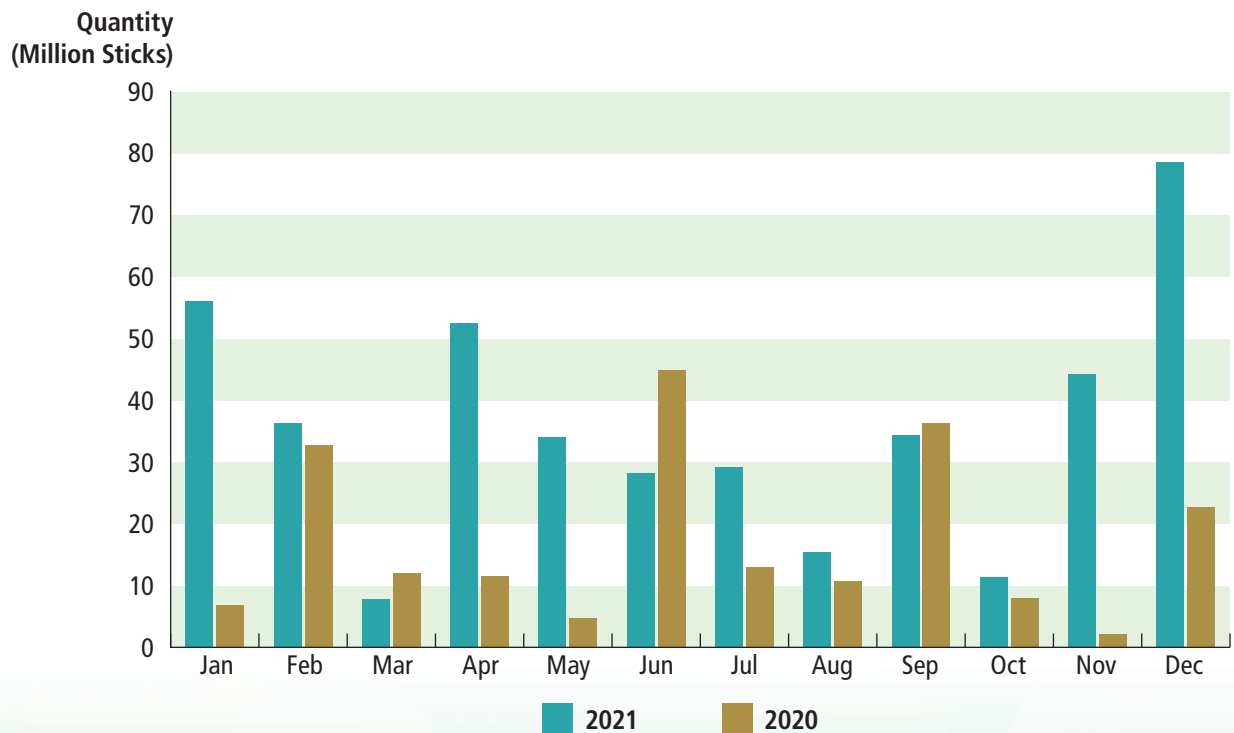
Appendix 4

Result of Anti-cigarette Smuggling Operations

No. of Cigarette Smuggling Cases (2021 vs 2020)



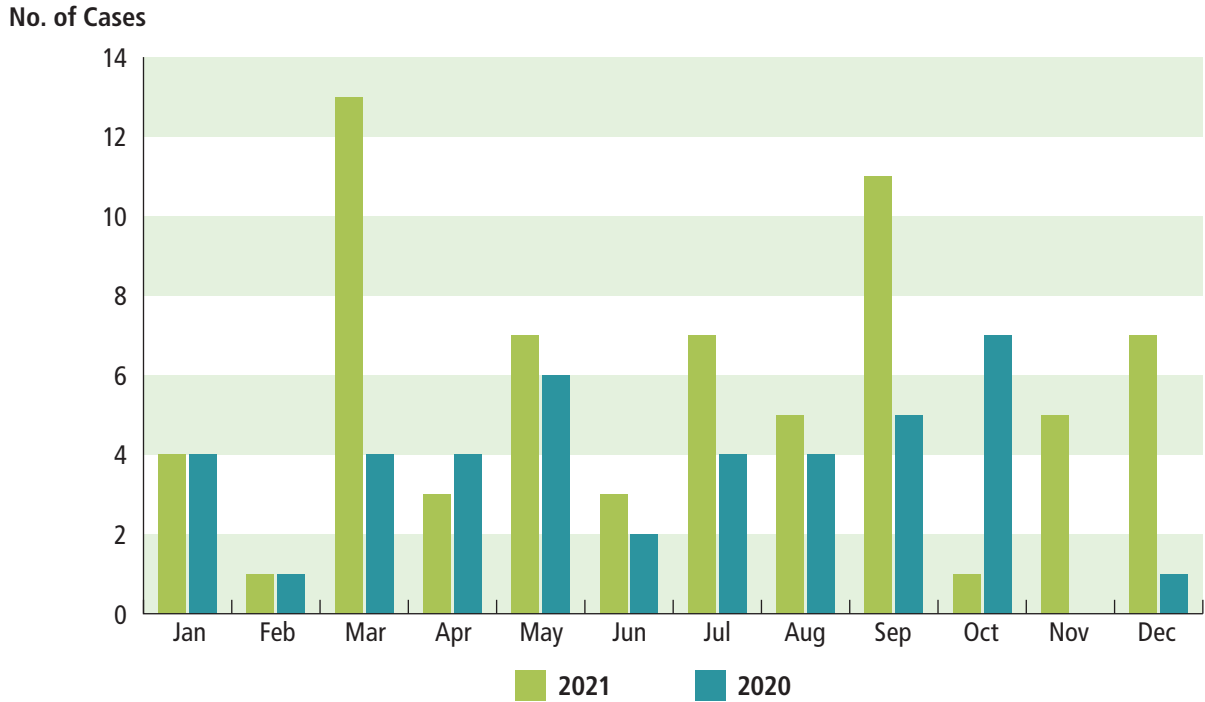
Quantity of Smuggled Cigarettes Seized (2021 vs 2020)



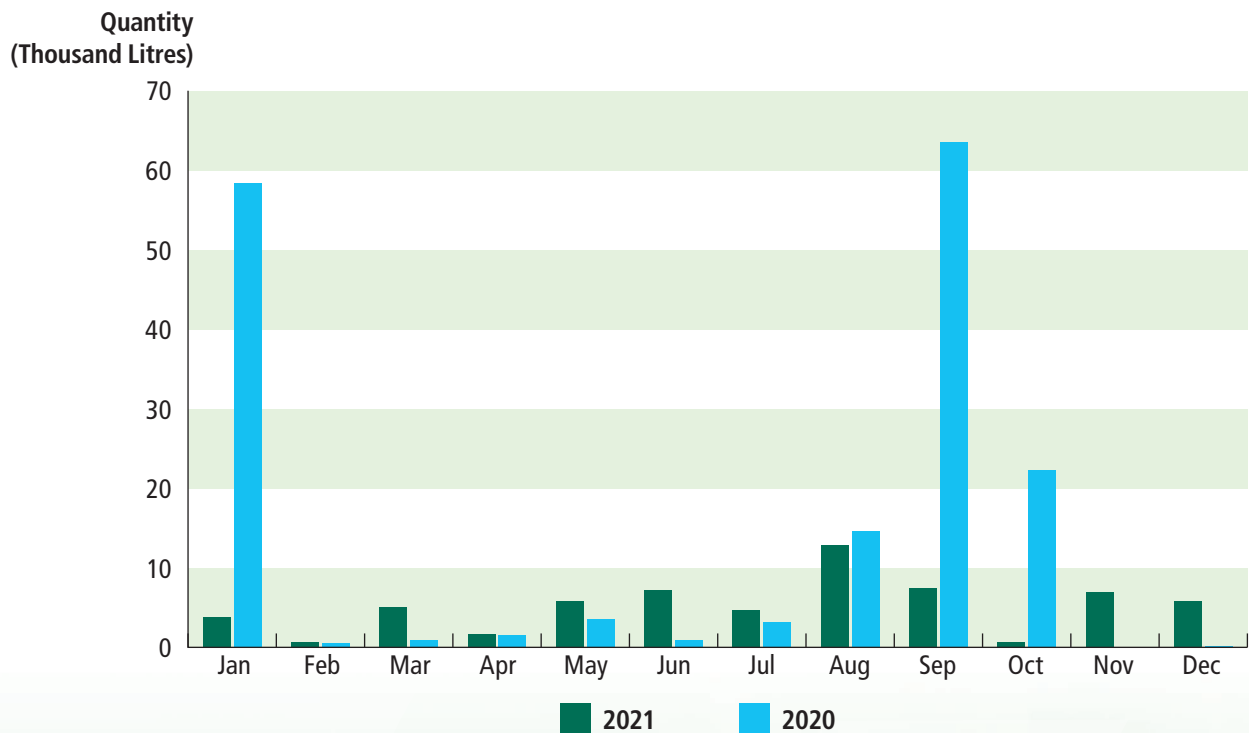
Appendix 5

Result of Hydrocarbon Oil Enforcement Operations

No. of Hydrocarbon Oil Cases (2021 vs 2020)



Quantity of Hydrocarbon Oil Seized (2021 vs 2020)



Appendix 6

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

Legislation under which Customs staff can act (Cont'd)

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

Legislation under which Customs staff can act (Cont'd)

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	Trade Marks Ordinance	Cap. 559
50	Broadcasting Ordinance	Cap. 562
51	United Nations (Anti-Terrorism Measures) Ordinance	Cap. 575
52	Chemical Weapons (Convention) Ordinance	Cap. 578
53	Prevention of Child Pornography Ordinance	Cap. 579
54	Protection of Endangered Species of Animals and Plants Ordinance	Cap. 586
55	Interception of Communications and Surveillance Ordinance	Cap. 589
56	Food Safety Ordinance	Cap. 612
57	Anti-Money Laundering and Counter-Terrorist Financing Ordinance	Cap. 615
58	Companies Ordinance	Cap. 622
59	Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance	Cap. 629
60	Conservation of Antarctic Marine Living Resources Ordinance	Cap. 635
61	Mercury Control Ordinance	Cap. 640

Appendix 7

Actual revenue for 2020-21 and 2021-22

	Actual Revenue	
	2020-21	2021-22
	HK\$'000	HK\$'000
Duties		
Hydrocarbon oils	3,669,462	3,842,940
Tobacco	7,624,032	7,902,172
Alcoholic Beverages	552,926	714,499
Other Alcoholic Products	5,536	7,712
Sub-total	11,851,956	12,467,323
Fees charged under Dutiable Commodities Ordinance		
Licence Fees	5,483	6,112
Attendance Fees	205	505
Denaturing Fees	259	240
Storage Fees	0	0
Sub-total	5,947	6,857
Trade Declaration Charges		
Imports and Exports Declaration Charges	430,253	477,724
Clothing Levy Service Charges (see Note)	51	57
Penalties	57,489	64,088
Sub-total	487,793	541,869
Miscellaneous	38,867	48,611
Total	12,384,563	13,064,660

NOTE: Clothing Industry Training Levy collected on behalf of the Clothing Industry Training Authority. 267 183

Appendix 8

Actual expenditure for 2020-21 and 2021-22

	Actual Expenditure	
	2020-21	2021-22
	HK\$'000	HK\$'000
Operating Account		
Personal Emoluments		
Salaries	3,349,378	3,459,116
Allowances	103,705	117,184
Job-related allowances	22,848	30,243
	Sub-total	3,606,543
Other Recurrent Expenses		
Personnel related expenses	275,900	334,142
Rewards and special services	17,258	15,695
General departmental expenses	926,757	1,040,653
Land usage cost	1	1
Grant to the Customs and Excise Service Welfare Fund	360	363
Seizure management	57,805	48,033
	Sub-total	1,438,887
Capital		
Plant, vehicles and equipment	6,553	4,676
Minor plant, vehicles and equipment	50,355	122,779
	Sub-total	127,455
Total	4,810,920	5,172,885

Appendix 9

Case Statistics (2020)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	8	–	6
Consumer Goods Safety	56	20	81
Control of Chemicals	4	–	1,177
Copyright / Prevention of Copyright Piracy	62	70	976
Cross-boundary Movement of Physical Currency and BNI	29	30	11,274
Dangerous Drugs	1,111	200	2,107,617
Dangerous Goods	3	3	2,586
Dutiable Commodities	3,824	2,591	418,496
Firearms & Ammunition	45	–	277
Food Safety	4	4	652
Immigration	21	28	884
Import & Export	1,942	586	908,182
Organized & Serious Crimes	12	53	29,654
Pharmacy & Poisons	48	62	3,288
Plant (Importation & Pest Control)	14	2	35
Prevention of Cruelty to Animals	2	–	11,990
Protection of ES of Animals & Plants	276	128	134,678
Public Health & Municipal Services	258	171	37,123
Public Health (Animals & Birds)	6	–	11
Rabies	4	4	3
Reserved Commodities	35	3	547
Summary Offences	1	–	1
Telecommunication	10	1	1,778
Toys & Children's Products Safety	55	–	132
Trade Descriptions	725	343	145,769
Waste Disposal	75	2	6,911
Weapons	31	1	1,445
Weights & Measures	32	–	127
Other Ordinances	127	24	45
All Ordinances*	8,076	4,076	3,628,848

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

Case Statistics (2021)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	2	–	1
Consumer Goods Safety	74	6	1,265
Control of Chemicals	4	–	405
Copyright / Prevention of Copyright Piracy	52	70	2,938
Cross-boundary Movement of Physical Currency and BNI	79	83	1,406
Customs & Excise Service	15	18	4
Dangerous Drugs	906	218	2,588,044
Dutiable Commodities	4,471	3,680	1,077,025
Firearms & Ammunition	27	1	231
Food Safety	5	4	1,248
Immigration	32	57	450
Import & Export	1,367	366	2,576,639
Organized & Serious Crimes	10	24	20,407
Pharmacy & Poisons	115	111	59,597
Plant (Importation & Pest Control)	29	4	31
Prevention of Cruelty to Animals	1	–	69
Protection of ES of Animals & Plants	306	150	109,049
Public Health & Municipal Services	247	158	2,463
Public Health (Animals & Birds)	11	–	49
Rabies	2	1	115
Reserved Commodities	37	2	429
Telecommunication	7	–	1,587
Toys & Children's Products Safety	42	–	131
Trade Descriptions	807	466	167,303
Waste Disposal	54	–	2,567
Weapons	16	4	40
Weights & Measures	26	–	3
Other Ordinances	138	36	1
All Ordinances*	8,327	5,153	6,384,197

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

Appendix 10

Major Seized Items

Ordinance Major Seized Item	2020		2021	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
Dangerous Drugs ⁽¹⁾				
Heroin (kg)	142.5	171,011	177.9	222,536
Opium (kg)	15.7	1,840	5.0	588
Cannabis (kg)	404.5	82,193	773.8	153,953
Ketamine (kg)	283.9	134,811	600.1	339,077
Cocaine (kg)	907.0	1,191,129	870.2	1,066,432
Methamphetamine (kg)	806.7	488,479	1251.0	739,128
MDMA (tablet)	24,797.0	12,170	62,712.0	12,061
Synthetic Cathinones (bath salts) (kg)	25.7	3,277	12.2	1,544
Gamma-butyrolactone (GBL) (kg)	594.8	10,691	45.6	859
Other Psychotropic Drugs (tablet)	25,950.0	6,280	11,573.0	11,670
Dutiable Commodities ⁽²⁾				
Cigarette (mille)	20,5870	564,305	427,949	1,177,699
Other Tobacco (kg)	898	3,552	16,308	62,968
Hydrocabon Oil ('000 litre)	169	1,103	62	1,177
Liquor ('000 litre)	51	16,456	64	87,648
Import & Export				
Foodstuff and Drinks ⁽³⁾ ('000 kg)	384	124,608	211	770,042
Cosmetic and Beauty ('000 no.)	164	35,807	1,037	376,159
Pharmaceutical Products ('000 tablet)	21,551	54,498	10,021	157,348
Computer and Accessories ('000 no.)	127	50,002	3,396	178,422
Electrical and Electronic Goods ⁽⁴⁾ ('000 no.)	5,488	33,044	9,710	184,482
Garment and Accessories ('000 pc)	15	5,831	28	28,433
Mobile Phone and Accessories ('000 no.)	154	48,120	1,399	101,475
Meat (tonnes)	2,838	131,659	358	49,795

The figure '0' refers to a positive figure of value of less than 0.5.

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

(2) Include all ordinances.

(3) Exclude meat.

(4) Exclude mobile phones and accessories.

(5) Exclude sildenafil and antibiotics.

Major Seized Items (Cont'd)

Ordinance Major Seized Item	2020		2021	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
Copyright				
Optical Disc ('000 no.)	8	287	27	1,206
Electrical and Electronic Goods ⁽⁴⁾ ('000 no.)	0	262	1	1,190
Forged Trademark (FTM)				
Mobile Phone and Accessories ('000 no.)	319	42,022	350	52,666
Face Masks ('000 no.)	141	3,952	2,262	47,851
Garment and Accessories ('000 pc)	72	4,557	108	13,349
Footwear ('000 pairs)	78	11,665	66	11,224
Watch and Parts ('000 no.)	44	10,919	23	10,325
Leather Goods ('000 pc)	71	16,198	32	7,086
Pharmaceutical Products ('000 tablet)	2	950	74	6,721
Pharmacy & Poisons				
Part I Poisons ⁽⁵⁾ (kg)	0	2	76	513
(litre)	0	0	84	19
('000 tablet)	8	118	1,562	52,458
Protection of ES of Animals & Plants				
Wood (kg)	196,301	15,885	371,285	54,222
Shark Fin (kg)	32,179	11,965	2,5646	28,784
Totoaba, Parts or Specimen (kg)	308	49,257	60	10,667
Ginseng (kg)	48,072	40,479	1,723	3,650
Ivory and Related Products (kg)	0	1	1	23
Pangolin, Parts or Specimen (kg)	1,025	6,142	–	0
Others				
Fireworks (kg)	1	0	1	0
Firearms and Parts (no.)	22,433	333	357	106

The figure '0' refers to a positive figure of value of less than 0.5.

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

(2) Include all ordinances.

(3) Exclude meat.

(4) Exclude mobile phones and accessories.

(5) Exclude sildenafil and antibiotics.

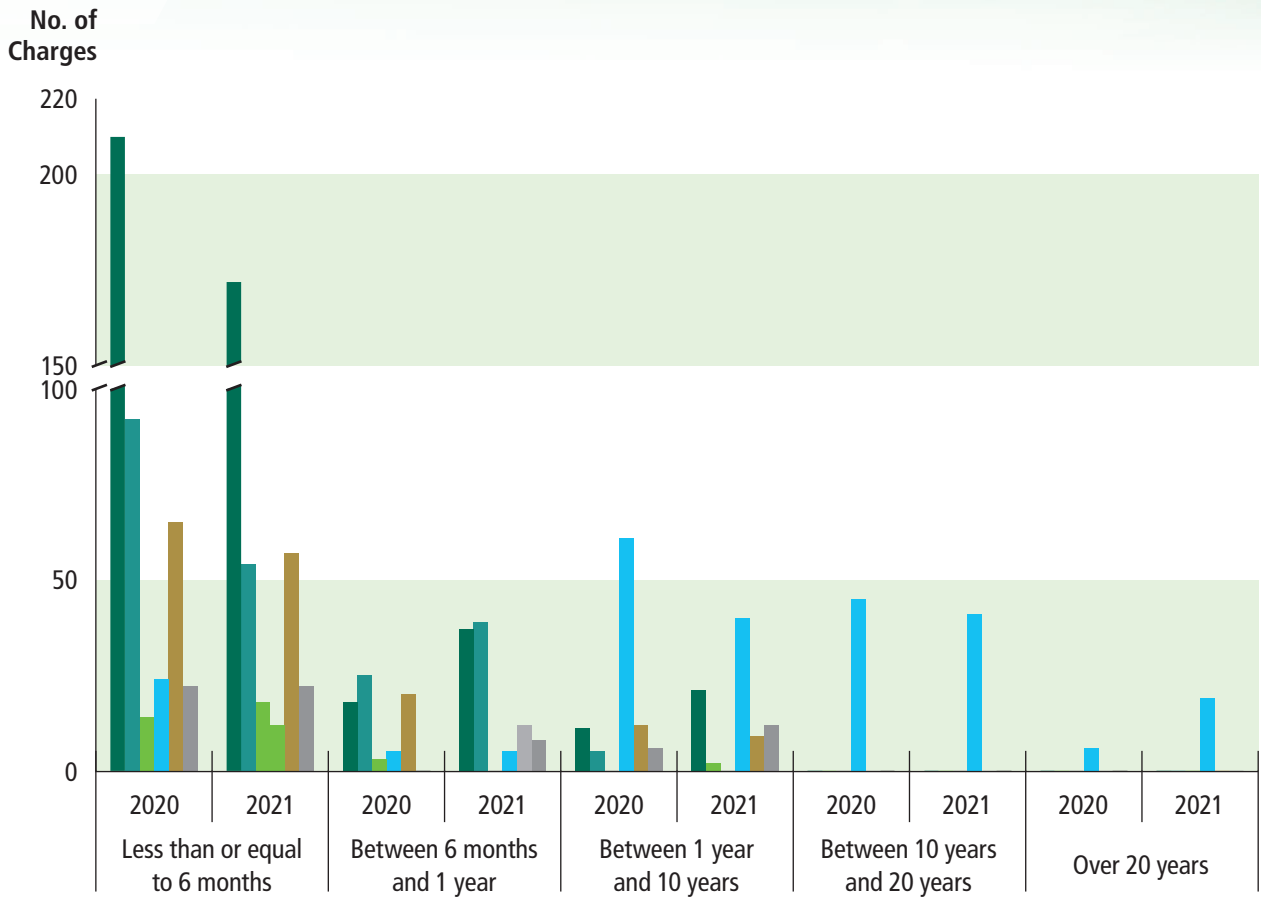
Appendix 11

Stop and Search of Persons / Vehicles at Control Points

	2020	2021
No. of persons stopped and searched	19,930	20,870
No. of vehicles checked	249,070	241,630

Appendix 12

Range of Sentences

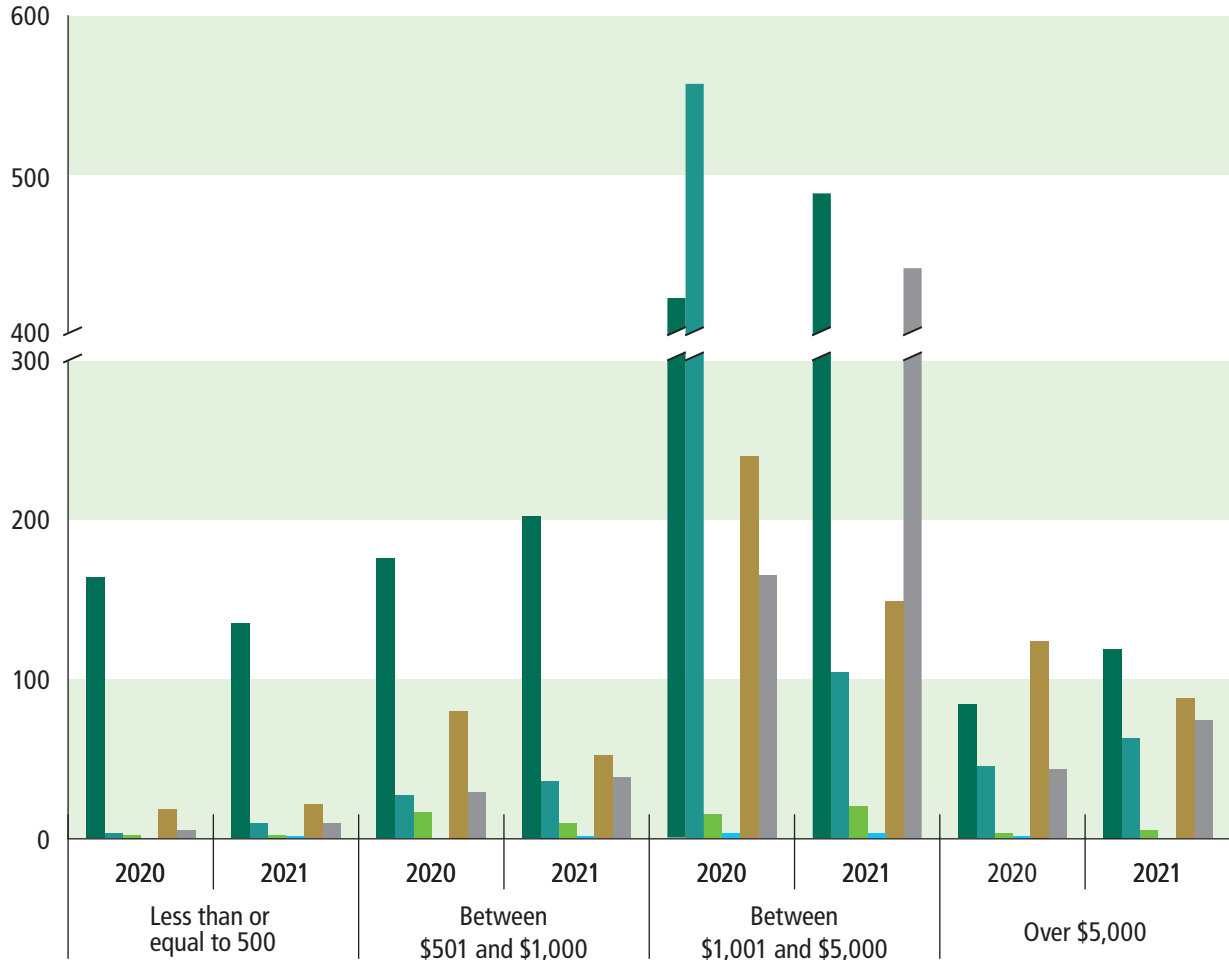


- Dutiable Commodities Ordinance (Cap. 109)
- Import and Export Ordinance (Cap. 60)
- Copyright Ordinance (Cap. 528)
- Dangerous Drugs Ordinance (Cap. 134)
- Trade Descriptions Ordinance (Cap. 362)
- Others

Appendix 13

Range of Fines

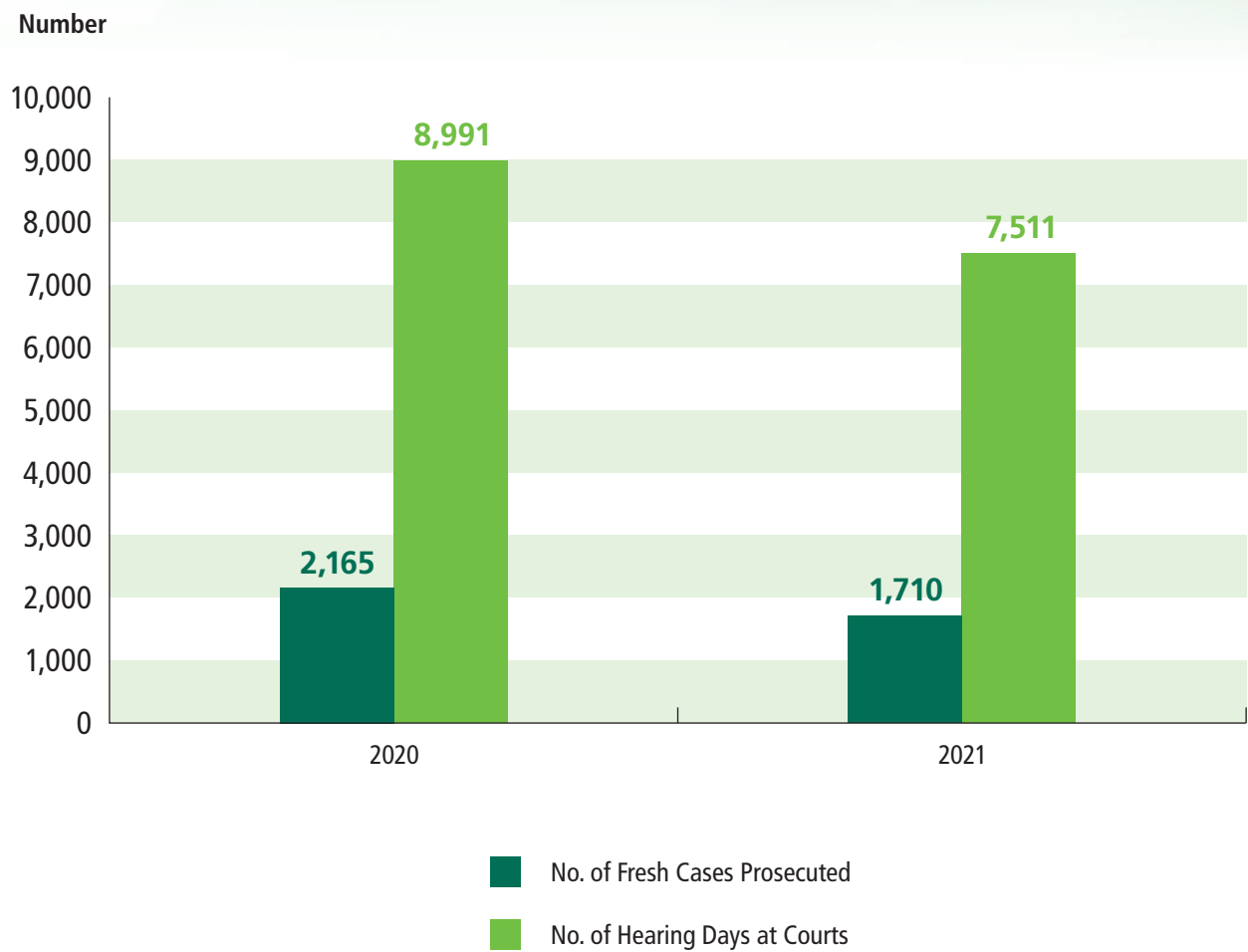
No. of Charges



- Dutiable Commodities Ordinance (Cap. 109)
- Import and Export Ordinance (Cap. 60)
- Copyright Ordinance (Cap. 528)
- Dangerous Drugs Ordinance (Cap. 134)
- Trade Descriptions Ordinance (Cap. 362)
- Others

Appendix 14

Court Actions





C&ED Facebook



C&ED Website



C&ED Instagram



Customs and Excise Department

