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# 2022

Customs and Excise Department  
Departmental Review

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## 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



**THE** year 2022 is a fruitful year for the Customs and Excise Department (C&ED) which also marked the 25th anniversary of the establishment of the Hong Kong Special Administrative Region. All staff of C&ED worked in unity to serve the public with excellence and dedication. By strengthening our co-operation with other law enforcement agencies and adjusting our combat strategies flexibly in response to the changing smuggling trends, we maintained a high level of performance in law enforcement. We also achieved significant progress in protecting consumers' interest and intellectual property rights, collecting revenue on dutiable goods, implementing the Smart Customs Blueprint, enhancing trade facilitation measures, as well as upholding Hong Kong's trading integrity and fulfilling our international obligations. In addition, C&ED is dedicated to safeguarding national security, serving the community and nurturing a new generation of young people with an affection for our country and Hong Kong.

With the gradual return to normalcy, we aim at "enhancing connectivity towards security and prosperity". C&ED will proactively maintain ties with national and international law enforcement agencies, steadfastly guard the customs frontline, and improve the enforcement effectiveness in upholding national security. We shall embrace the spirit of the 20th National Congress of the Communist Party of China, and leverage the respective strengths in our positions to boost economy, drive innovations, improve people's livelihood, and contribute to great achievements in national development and prosperity of Hong Kong.

**Ms. Louise HO Pui-shan**

CDSM, CMSM  
Commissioner of Customs and Excise

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# FOREWORD



## Law Enforcement

In 2022, C&ED detected a total of 7 149 cases, a decrease of eight per cent compared with 2021. About 48 per cent of the cases were related to illicit cigarettes, followed by dangerous drugs (13 per cent) and intellectual property rights infringement (seven per cent). In the same year, C&ED seized nearly 7 tonnes of dangerous drugs and 732 million illicit cigarettes, representing 70 and 71 per cent jump respectively against 2021. In light of the coronavirus pandemic, the modus operandi, routes and practices of smuggling continued to change. Owing to the close co-operation and intelligence exchange with the Mainland and international law enforcement agencies, significant results have been achieved in combating smuggling activities with some record-hitting cases detected.

## Trade Facilitation

The Hong Kong Authorized Economic Operator (AEO) Programme of C&ED enables local enterprises to "go global" and open up international markets. C&ED has so far ratified AEO Mutual Recognition Arrangements (MRAs) with 13 Customs administrations, including that of the Mainland, and seeks to further expand the coverage of the MRA network. Besides, C&ED is actively preparing for Phase 2 of the Trade Single Window, which will be rolled out progressively from mid-2023 to cover more types of trade documents. For the development of intermodal operation, to actively tie in with establishment of the Hong Kong International Airport Logistics Park in Dongguan by the Airport Authority, C&ED tailor-made a new set of customs clearance procedures, which allow reduced inspections under an effective risk control system, and help the trade save cost and promote logistics collaboration between the Mainland and Hong Kong.

## Consumer Protection

C&ED handled more than 6 000 complaints related to the Trade Descriptions Ordinance in 2022. As we continued to strengthen law enforcement, the number of complaints about prepaid consumption in fitness centres and beauty parlours, especially those involving aggressive commercial practices, dropped significantly. Entering the second half of 2022, as the tourism industry gradually returned to normal, C&ED formulated appropriate measures to protect consumers' interests. At the same time, C&ED was also committed to promoting publicity to enhance public awareness of the Trade Descriptions Ordinance.

## Mainland / International Co-operation

We have strong ties and close co-operation with the Mainland Customs and international law enforcement agencies. We continue to make overseas secondment arrangements for our staff, sending them to work in the Headquarters of World Customs Organization (WCO) in Brussels, Belgium, regional intelligence liaison offices in Seoul, South Korea and the Capacity Building Office in Bangkok, Thailand. We have also sent a delegate to the International Criminal Police Organization Headquarters in Lyon, France for co-ordination of international intellectual property rights enforcement.

## Smart Customs Blueprint

Since the General Administration of Customs of the People's Republic of China has launched the Smart Customs Construction, C&ED has shown full support by developing the Smart Customs Blueprint to bring it in line with the initiative. C&ED has introduced more advanced equipment with the function of auto-detection of contraband, completed the research on the Smart Evidence Management System, and successfully developed an interactive Q&As system, which is applied to the virtual Customs Service Ambassadors and the online chatbot on the Customs website.



## Human Resources Management

Topics on national education, the Chinese Constitution, the Basic Law and the National Security Law have been incorporated into the induction courses and in-house training courses, with a view to enhancing staff members' awareness of national security and love for our country. For Chinese-style foot drill, the guard of honour has been fully upgraded, including new uniform for its members and team expansion. In order to fully study and implement the spirit of the 20th CPC National Congress, C&ED has also established a vertical and horizontal training network to comprehensively expand the coverage of training through a diverse and orderly structure.

## Serving the Community and Engaging the Youth

In February 2022, C&ED launched its official Facebook and Instagram pages to further reach out to a wide range of netizens. Facing the rampant fifth wave of the epidemic at the beginning of 2022, C&ED managed the community isolation facilities (CIFs) in Yuen Long Tam Wei, and developed the Community Isolation Facilities Collaboration and Operation (Co-Op) Platform in seven days. The Co-Op Platform was expanded for use by all CIFs so that persons under community isolation could easily use their mobile phones to communicate with the staff of the facilities. The Co-Op Platform received Smart Business (Solution for Business and Public Sector Enterprise) Bronze Award at Hong Kong ICT Awards 2022. In addition, the C&ED Volunteer Team actively engaged in charities and volunteer work, and was awarded the Hong Kong Volunteer Award (Outstanding Group) by the Agency for Volunteer Service in 2022.

Through "Customs YES", participating youth members are encouraged to fully develop their potential, nurture positive values, and enhance their sense of belonging to society. More than 4 000 members have been recruited. C&ED also formed a new youth uniformed group named "Customs Youth Leader Corps" to provide a platform for its 450 young members to cultivate positive thinking, law-abiding awareness, deepen their understanding of the country and develop a sense of national identity through Chinese-style foot drill training, disciplinary training and various education-oriented activities, so that these young people will be nurtured into distinguished leaders with a sense of social responsibility to make contribution to the country. As 2022 coincided with the 73rd anniversary of the founding of the People's Republic of China and the 25th anniversary of the establishment of the Hong Kong Special Administrative Region, "Customs YES" specially arranged for members to participate in a series of major celebration activities.

## Challenges ahead

Looking forward to the coming year, C&ED will dovetail with the Government to fully leverage the unique advantages of enjoying strong support of the motherland and being closely connected to the world under "one country, two systems". We will strive to play a more important role in the World Customs Organization, strive to reinforce intermodal transport, enhance existing trade facilitation measures and assist the business sector in exploring international markets. On new legislations, C&ED will take up additional enforcement work which are closely related to people's livelihood, including the regulation of Cannabidiol under the Dangerous Drugs Ordinance, the setting up of a new two-tier registration regime for dealers in precious metals and stones, and the strengthening of copyright protection in digital environment.

FEB  
2022

## Launch of Departmental Social Media Platforms

**THE** Department has officially launched its Facebook page and Instagram account to enhance communication and connection with various sectors of society. Information on the Department's latest activities, law enforcement results, trade facilitation measures, youth activities, charity business, etc are disseminated to the media and public in a timely manner.



# MEMORABLE EVENTS

JUL  
2022

## New Organisation Structure

**FOLLOWING** the creation of an additional Deputy Commissioner, there are two Deputy Commissioners assisting the Commissioner in handling departmental affairs at present, underpinned by four Assistant Commissioners and one Senior Principal Trade Controls Officer. Mr. LAI Lau-pak was promoted to Deputy Commissioner (Management and Strategic Development) and Ms. TAM So-ying assumed the post of Assistant Commissioner (Administration and Human Resource Development).



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AUG-SEP  
2022

## Hong Kong Customs strengthens co-operation with Customs of Congo and Cambodia

**C&ED** signed a Memorandum of Understanding Regarding Co-operation and Mutual Administrative Assistance with the Directorate General of Customs and Indirect Taxes of the Republic of the Congo, and the General Department of Customs and Excise of Cambodia respectively, with a view to strengthening intelligence exchange to combat cross-border crimes. It also steps up information sharing to promote closer ties in trade facilitation. Currently, 29 co-operative instruments have come into effect between C&ED and other Customs administrations, including the General Administration of Customs of the People's Republic of China and 28 overseas Customs administrations.



24 SEP  
2022

## Grand Parade for Celebrating the 73rd Anniversary of the Founding of the People's Republic of China and the 25th Anniversary of the Establishment of the HKSAR

**C&ED** together with other disciplined services, auxiliary services and nine youth groups led by the Security Bureau, held the captioned Grand Parade at the Fire and Ambulance Services Academy in Tseung Kwan O.



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26 OCT 2022 ○ Launch of "Customs YES Promotion Vehicle"

**THE** Promotion Vehicle made its debut and tour around various tertiary institutions, secondary schools, and youth hot spots. On board the promotion vehicle, there are interactive facilities such as multimedia games and a virtual reality experience to attract the youth and recruit new members, aged between 12 and 24.



16 NOV 2022 ○ Co-Op received Hong Kong ICT Awards 2022

**DEVELOPED** for facilitating communication between persons under isolation and staff of isolation facilities, the Community Isolation Facilities Collaboration and Operation Platform (Co-Op) received the Bronze Award at the Hong Kong ICT Awards.



15-18 NOV  
2022

## 32nd World Customs Organization Asia Pacific Regional Contact Points Meeting in Brisbane

**C&ED** participated in the captioned meeting in Brisbane, Australia and strengthened ties with other Customs administrations in the region. During the meeting, in-depth discussions were made on key issues such as the Regional Strategic Plan, Regional Entities, Capacity Building as well as enforcement strategy and supply chain integrity, opening up more opportunities for co-operation within the Region.



29 NOV  
2022

## Hong Kong Authorized Economic Operator (HKAEO) Programme 10th Anniversary Celebration Ceremony

**C&ED** held the captioned Celebration Ceremony with the Secretary for Commerce and Economic Development, Mr. Algernon YAU, as the principal guest. The 10th anniversary ceremony was held under the theme of "Bringing In & Going Global - Impetus for Hong Kong's Economy" to review the development and milestones of the Programme over the past decade.



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4 DEC  
2022

## Flag Raising Ceremony to Commemorate the 40th Anniversary of the Constitution

**TO** commemorate the 40th anniversary of the promulgation of the Constitution of the People's Republic of China, the Security Bureau led its six disciplined services, and the nine youth groups under various disciplined and auxiliary services to hold the Flag Raising Ceremony at the Hong Kong Customs College. The Secretary for Justice, Mr. Paul LAM, SC, officiated at the ceremony.

A constitution education zone was set up on-site and a photo competition – "Constitution Day in my eye" – was held to allow teenagers to express their reflections through photography and online platforms in order to boost their sense of national identity and belonging to the country.



5 DEC  
2022

## Establishment of Dealers in Precious Metals and Stones Supervision Bureau

**TO** prepare and implement a new regulatory regime for dealers in precious metals and stones under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615, a new formation was established. The establishment marked a new chapter for C&ED in combating money laundering and terrorist financing.

# CUSTOMS

貴金屬及寶石交易商註冊制度  
Dealers in Precious Metals and Stones  
Registration Regime

Content

10 DEC  
2022

## ○ Volunteer Team awarded “Hong Kong Volunteer Award (Outstanding Group)”

**DURING** the COVID-19 epidemic in 2022, the C&ED Volunteer Team (the team) actively participated in over 170 volunteer activities. They were at the forefront of society to serve the needy, from assisting the elderly in the vaccination programmes to distributing anti-epidemic supplies. Nominated by the Suicide Prevention Services, the team was awarded the “Hong Kong Volunteer Award (Outstanding Group)” by the Home and Youth Affairs Bureau and the Agency for Volunteer Service.



# MEMORABLE EVENTS

## 02. Senior Management of the Customs and Excise Department



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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 (Excise and Strategic Support)

**Mr. HUI Kim, Rudy**

e. Assistant Commissioner (Intelligence and Investigation)

**Mr. WOO Wai-kwan**

f. Assistant Commissioner (Boundary and Ports)

**Ms. NG Kit-ching**

g. Assistant Commissioner (Administration and Human Resource Development)

**Ms. TAM So-ying**

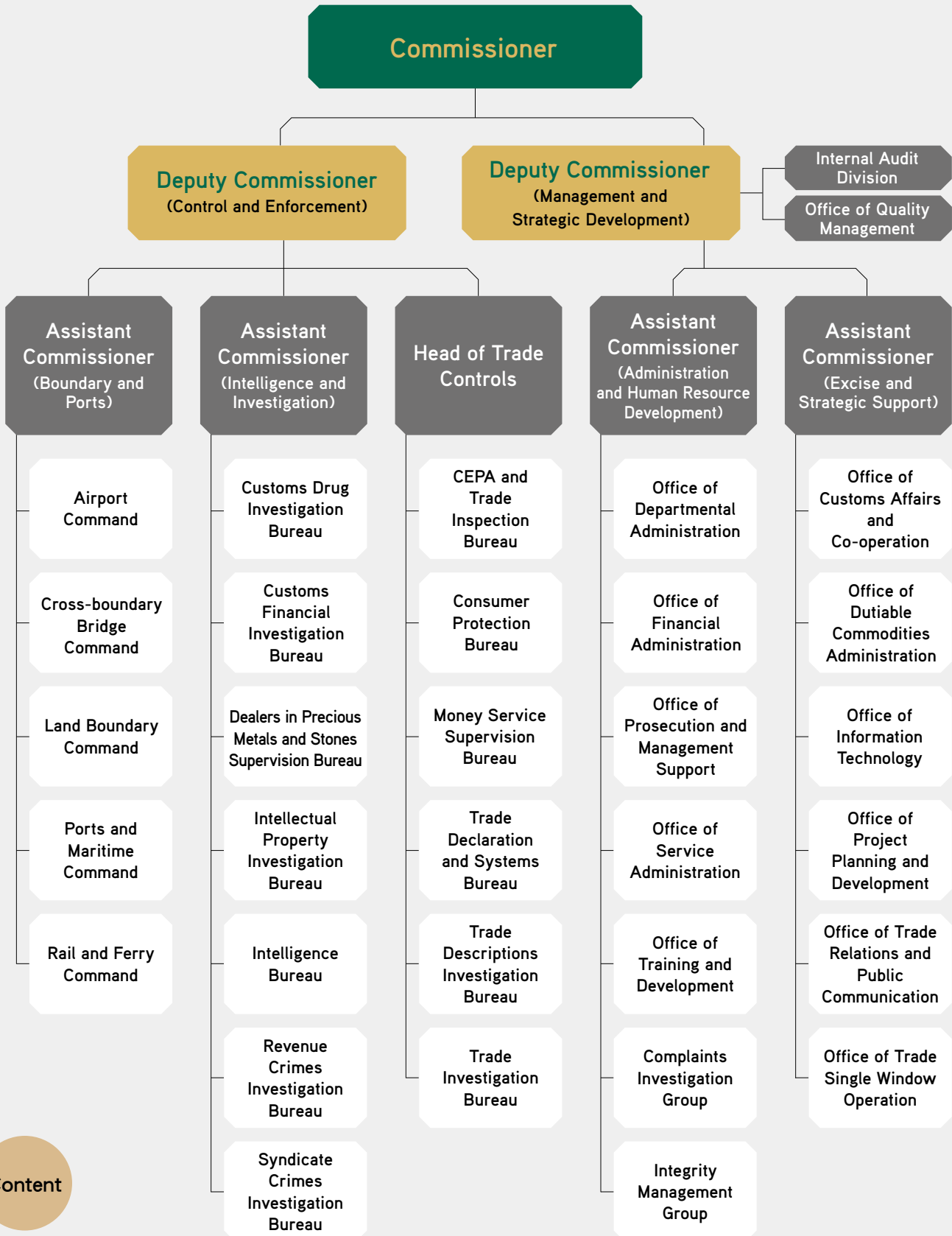
h. Head of Trade Controls

**Mr. LI Man-kai**

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# Organisation Chart of the Customs and Excise Department

as at 1.8.2023



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## Organisation of the Department

The Commissioner of Customs and Excise is the head of C&ED. She is assisted by two Deputy Commissioners in handling departmental affairs.

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 is responsible for the overall administration and management of the Department and oversees the planning and development of departmental infrastructure projects.

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

The Department comprises five branches, each under a directorate officer.

The Administration and Human Resource Development Branch, headed by Assistant Commissioner (Administration and Human Resource Development), is responsible for departmental administration; financial management; human resource management; central support; training and recruitment; legislation, orders and procedures as well as matters on the systems of the Department; prosecution of Customs and Excise 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 at all entry and exit points, and implementation of departmental policies in relation to Customs control and facilitation functions 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, information technology development, planning and development of major departmental projects, supply chain security management, trade relations and public communication, customs liaison and international co-operation, operation of the Trade Single Window, and co-ordination 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, suppression of syndicated smuggling 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 cases involving Certificates of Origin under the Mainland and Hong Kong Closer Economic Partnership Arrangement; consumer protection; control of strategic commodities and reserved commodities; supervision of money service operators; and import and export trade declaration.

# 03.

# LAW ENFORCEMENT



**C&ED** 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, as well as intellectual property rights and revenue protection. The prompt and effective law enforcement aims not only to protect society and fight against transnational crime but also to provide a safer business environment.

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# 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; selecting passengers and their baggage for examination 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 2022, 226 cases of importing or exporting unmanifested cargo under the Import and Export Ordinance were detected. A total of 213 arrests were made with a total seizure value of about \$1.324 billion. Mainland-Hong Kong cases accounted for around 85 per cent of all smuggling cases, and the value of the goods seized totaled \$1.069 billion. Electrical appliances and electronic products (including mobile phones, computers and accessories) outnumbered other seized items, followed by food.

## Sea smuggling activities

Since the pandemic, smuggling syndicates have switched to seaborne smuggling due to the travel restrictions imposed on passenger and land transport channels. In order to evade detection, they kept changing in both the conveyance type and smuggling route. Despite this, the Department successfully detected 98 sea smuggling cases during the year, with a total seizure value amounting to \$1.25 billion.

The trend of smuggling between the Mainland and Hong Kong continued to change. Under the stringent enforcement actions by C&ED, smuggling syndicates switched from the use of high-powered speedboats to fishing boats and barges, and to river trade vessels (RTV) for smuggling. In April 2022, the C&ED detected a smuggling case using RTV, a large batch of smuggled goods, including assorted electronic products, musical instrument accessories and audio equipment, was found in three containers on board the RTV. The estimated retail value of the seized goods was about \$160 million. One person was arrested.



Audio equipment was seized in a smuggling case.

Other than using ordinary containers to convey smuggled goods, smuggling syndicates also made use of RTV's structural space to conceal the goods. In May 2022, C&ED detected another case using RTV, a large batch of smuggled goods was found concealed in the ballast chamber of the RTV. The goods found included electronic items, cosmetics and expensive food such as bird's nest and dried seafood. The estimated retail value amounted to \$50 million and two persons were arrested.



A large batch of smuggled goods with a retail value amounting to \$50 million was found concealed in the ballast chamber of a river trade vessel.

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The repeated raids on RTV bound for the Mainland had been costly to the smuggling syndicates, which then attempted to change the smuggling route in a bid to evade our detection. Instead of shipping the smuggled goods to the Mainland ports direct, intelligence revealed that the goods were first delivered to Macao by RTV, followed by smuggling across the border by parallel traders. To curb the emerging trend, C&ED and Macao Customs mounted a joint enforcement operation in June 2022.

C&ED intercepted a RTV heading to Macao in the western waters of Hong Kong. A batch of smuggled goods, including red wine, beauty needles, powdered formula and electronic products, with an estimated retail value of about \$22 million was seized. In addition, about \$23 million of cash in Hong Kong dollars was found on board the vessel. Two persons were arrested.



A large batch of smuggled goods with a retail value of about \$22 million and about \$23 million in cash were seized in a joint anti-smuggling operation mounted with Macao Customs.



A large batch of smuggled goods with a retail value of about \$300 million was seized in the largest sea-smuggling case in 2022.

After repeated raids on RTV bound, the smuggling syndicates switched to use ocean-going vessels (OGV) at a higher cost to smuggle goods to more distant Mainland ports such as Shanghai and Tianjin. A mega sea smuggling case using OGV was effected in October 2022. Ten containers bound for Tianjin were intercepted and a large batch of smuggled goods, including expensive food ingredients, table wines, electronic goods, solid waste and scheduled endangered species, worth around \$300 million, were found. This is the largest sea smuggling case detected in 2022.

In December 2022, C&ED mounted an enforcement operation codenamed “Convoy”, targeting at sea smuggling activities using OGV. During the operation, two smuggling cases using OGV to smuggle goods to the Mainland were detected. A large batch of smuggled goods, including expensive food ingredients, electronic goods, vinyl records, table wines, medicine and endangered species were found in nine containers on board two OGVs bound for Shanghai. The total estimated retail value of the seized goods was about \$200 million. Five persons were arrested in the operation.



A large batch of smuggled goods with a retail value of about \$200 million was seized in a special enforcement operation codenamed “Convoy”.



A total of 3 030 kg of suspected scheduled red sandalwood with a retail value of about \$15 million was seized at Hong Kong International Airport.

## Endangered species

As for endangered species, 293 cases were detected during the year. C&ED seized 22 900 kg of endangered species with an estimated value of \$59.08 million. A total of 159 persons were arrested.

## Firearms and ammunition/ strategic commodities

After the legislative amendment of the Firearms and Ammunition (Declaration of Arms) Regulations (Cap. 238D) came into effect in November 2021, 11 cases or 85 per cent fewer cases of illegal firearms, firearm component parts and ammunition were detected in 2022. The number of cases involving strategic commodities also decreased from 128 in 2021 to 126 in 2022.

Moreover, the first Firearm Detector Dog Team has been 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.

## Strategies in suppressing smuggling

C&ED is committed to combatting smuggling activities and keeps on strengthening liaison and cooperation with the logistics industry. 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 combatting smuggling by courier services. In order to establish the network and enhance cooperation with the local logistics parties more effectively in combatting 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 199 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 of over \$20 million in 2022.

C&ED and the law enforcement agencies in the Mainland have established an intelligence exchange and sharing mechanism. In 2022, C&ED and the Anti-Smuggling Bureau (ASB) of the General Administration of Customs (GACC), the Anti-Smuggling Bureau of the Guangdong Sub-Administration of GACC, the Anti-Smuggling Bureau of Shenzhen Customs and the Macao Customs carried out effective cooperation with remarkable enforcement results. In order to crack down on rampant smuggling in the waters of Guangdong, Hong Kong and Macao, the law enforcement agencies of the three places launched a joint operation "Trident" led by ASB of GACC. C&ED arrested 126 persons with \$1.15 billion of smuggled goods seized during this operation.



C&ED made efforts to combat all kinds of smuggling activities.

# NARCOTICS INTERDICTION

**I**N 2022, 931 drug cases were detected, representing an increase of 3 per cent compared with the figure of 2021. A total of 178 arrests were made and 6 904 kg of drugs were seized, representing a decrease of 18 per cent and an increase of 70 per cent respectively.

Major seizures were methamphetamine (3 134 kg, an increase of 1.5 times), cocaine (1 016 kg, an increase of 17 per cent), cannabis (805 kg, an increase of 4 per cent), ketamine (631 kg, an increase of 5 per cent), heroin (92 kg, a decrease of 49 per cent), while seizures of gamma-butyrolactone and synthetic cathinones (bath salts) increased by 83 times to 3.8 tons and 3.2 times to 51.1 kg respectively.

A total of 2 604 kg of illicit drugs were seized at the airport, similar to the figure of 2021, accounting for about 38 per cent of the total drug seizures in the year. Among the airport seizures, 2 138 kg of drugs were seized at the air cargo terminals, similar to the figure of 2021. A total of 26 significant cases with seizure value over \$10 million were detected in 2022.

C&ED seized methamphetamine concealed inside three electric transformers.



## Anti-narcotics Strategy

C&ED has adopted a comprehensive enforcement strategy to prevent and detect illicit drugs trafficking, 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 also 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 hosted the Regional Customs High-level Drug Enforcement Forum. Representatives of the regional law enforcement agencies attended roundtable discussions on the latest drug trafficking trends and anti-narcotics strategies, as well as bilateral meetings to foster co-operation and communication among different regions.

## 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 drugs inside body cavities or concealing drugs in false compartments of baggage.

To avoid stockpiling of drugs in the source countries and to reduce the risk of interception by law enforcement agencies, drug syndicates trafficked substantial amount of drugs with the use of large airborne and seaborne consignments from 2021 onwards. Correspondingly, C&ED adjusted the enforcement strategies and reallocated the resources in a timely manner by deploying staff to the Airport Command and the Ports and Maritime Command to strengthen law enforcement, leading to successful interception at source of a number of significant drug cases via airborne and seaborne channels.

In 2022, seven cases (five seaborne, one airborne and one local cases) with seizure value of \$100 million or above each were detected. The total seizure value of these seven cases exceeded \$2.2 billion. Methamphetamine, cocaine, cannabis, ketamine and heroin, are the dangerous drugs most commonly smuggled into Hong Kong.

In 2022, C&ED seized 3 134 kg of methamphetamine and arrested 40 persons.



C&ED seized 100 kg of methamphetamine with a retail value of about \$60 million.



In 2022, C&ED seized 1 016 kg of cocaine and arrested 70 persons, representing an increase of 17 per cent and 11 per cent respectively when compared with the figures of 2021. In December 2022, Customs officers intercepted a seaborne container arriving in Hong Kong from Brazil declared as carrying frozen chicken feet and seized 300 kg of cocaine with a retail value of about \$260 million.



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



C&ED seized 240 kg of cocaine with a retail value of about \$210 million.

In 2022, C&ED seized 805 kg of cannabis and arrested 32 persons. Among the seizures, 278 kg were intercepted at the Hong Kong International Airport (HKIA), 159 kg were seized locally, and 348 kg of cannabis buds were seized from a seaborne consignment arriving in Hong Kong from Canada declared as carrying ceiling tiles.



C&ED seized 348 kg of cannabis buds with a retail value of about \$60 million.





C&ED seized 200 kg of ketamine with a retail value of about \$86 million.

Ketamine is a popular drug among young people. C&ED arrested 32 persons and seized 631 kg of ketamine in 2022. The amount of seizure increased by 5 per cent when compared with that in 2021. In May 2022, Customs officers intercepted an airborne consignment arriving in Hong Kong from the Netherlands via Taipei declared as carrying drills and seized 200 kg of ketamine with a retail value of about \$86 million.

In 2022, 92 kg of heroin were seized, mostly from Thailand and Vietnam, and 22 persons were arrested. Among the seizures, 42 kg were seized at the HKIA, 42 kg were seized locally and 6 kg were seized via seaborne channels.

## Co-operation with the Mainland and Overseas Authorities

The pandemic has changed the trend and mode of drug trafficking. As transnational drug cartels are highly organised and collude among themselves, drug trafficking activities have become more internationalised and cartelised. As a result, there is a significant increase in the number of major cases by sea or by air detected in recent years. The amount of drug proceeds involved is also increasing. Hong Kong is not alone in this regard as the entire Asia-Pacific region is facing the same challenge. Regional law enforcement co-operation is particularly important to effectively combat drug trafficking activities.

C&ED has maintained close ties with law enforcement agencies in the Mainland and overseas to fight against transnational drug trafficking. In 2022, as a result of co-operation with other jurisdictions, 201 kg of drugs were seized outside Hong Kong.

Many significant cases were the results of international collaboration. Through co-operation with overseas law enforcement agencies, C&ED intercepted a seaborne consignment arriving in Hong Kong from South America declared as carrying coconut water and seized 1.8 tons of liquid methamphetamine with a retail value of about \$1.1 billion. This is the largest-ever methamphetamine case detected by C&ED.



C&ED seized 1.8 tons of liquid methamphetamine with a retail value of about \$1.1 billion.

In addition, through co-operation with the Mainland Customs, C&ED intercepted an airborne consignment arriving in Hong Kong from South America declared as carrying heavy devices such as transformers and industrial-use anti-vibratory rubber, and seized 700 kg of methamphetamine with a market value of \$400 million.



C&ED jointly mounted an anti-narcotics operation, codenamed "Yunzhan-duanliu", with the Anti-Smuggling Bureau of the General Administration of Customs of the People's Republic of China (GACC), the Anti-Smuggling Bureau of the Guangdong Sub-Administration of the GACC, and the Anti-Smuggling Bureau of Shenzhen Customs in March 2022. C&ED seized about 700 kg of methamphetamine with a retail value of \$400 million.

## Control of Cannabidiol (CBD)

To control CBD, the Government gazetted the Dangerous Drugs Ordinance (Amendment of First Schedule) Order 2022 on 21 October 2022. Starting from 1 February 2023, CBD has been listed as a dangerous drug under the Dangerous Drugs Ordinance.



C&ED and the Narcotics Division of the Security Bureau organised a seminar to remind the public on of the legislation legislative control of CBD.

## Control of Chemicals



C&ED organised various types of anti-drug publicity activities.

C&ED maintains a licensing system under the Control of Chemicals Ordinance (CCO) to regulate the trade of 36 chemicals commonly used for the illicit manufacturing 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.

In 2022, 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 in preventing the illicit diversion of precursor chemicals.

# INTELLECTUAL PROPERTY RIGHTS PROTECTION

**ON** intellectual property rights (IPR) protection, 523 infringing cases were detected and 334 arrests made in 2022. The number of infringing items was about 0.64 million, while the seizure value reached around \$180 million, an increase of nine per cent as compared to 2021. Major seizures included apparel and accessories, followed by electrical and electronic goods.



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

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

For Internet infringement, 80 cases were detected (constituting 15 per cent of the total infringing cases) in 2022, representing a decrease of 26 per cent from 2021. The seizure value of the infringing items dropped by 22 per cent to about \$5.08 million (9 060 items). The cases mainly involved sale of counterfeit goods via online community marketplace (74 per cent) or social media platforms (20 per cent).

## Online Counterfeiting

In view of the growing popularity of online shopping in recent years, C&ED has actively conducted enforcement operations against online counterfeiting. Culprits solicited business in the name of online shopping agents and claimed that they had a connection with overseas suppliers, original factories or shopping agents, and sourced directly from them. Counterfeit goods were promoted as “goods purchased by agents” or “original goods from factories” and were put for sale at different discounted prices to attract customers on online platforms.

In 2022, C&ED detected a total of 61 online counterfeiting cases with the arrest of 72 persons and seizure of a variety of counterfeit goods, including leather goods, clothes, footwear, accessories, perfumes and cosmetic products valued at \$3.1 million.



C&ED conducted an enforcement operation in September 2022 to combat online selling of counterfeit perfume and cosmetic products. About 1 300 suspected counterfeit products with an estimated market value of about \$360,000 were seized in a storage godown.

## Online Piracy / Technology Crimes

C&ED spares no effort in combating online piracy and technology crimes. In 2022, C&ED detected a total of 22 cases with 35 persons arrested and pirated goods valued at \$1.99 million seized. The cases mainly involved online selling of circumvention devices, pirated electronic games, as well as provision of infringing karaoke songs to customers by party room and restaurant operators in the course of business for attracting more customers to increase profits.



C&ED conducted an enforcement operation in October 2022 to combat infringement activities involving circumventing paid TV channels. A retail shop was raided with seizure of a batch of suspected circumvention devices and video equipment with an estimated market value of about \$120,000.

## Online Monitoring Systems

To cope with emerging enforcement challenges arising from advancement in cyber technologies, the Electronic Crime Investigation Centre (ECIC) of C&ED strengthens research on the latest modus operandi of cybercrimes, formulates enforcement strategies and procedures on evidence collection for front-line enforcement officers, conducts training courses on retrieval and preservation of digital evidence for front-line officers and develops online monitoring systems to assist front-line officers in conducting cyber investigations.

In 2017, the ECIC 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 2022, the system detected 34 infringing cases, accounting for 43 per cent of the online infringing cases. This contributed to the seizure valued at \$1.08 million, which constituted 21 per cent of the total seizure value from online infringing cases.



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





C&ED mounted a special operation to combat the sale of counterfeit jewellery and gem during the "Jewellery & Gem ASIA Hong Kong" Exhibition in June 2022. During the operation, two persons were arrested. A batch of counterfeit jewellery and gem with a retail value over \$1.74 million were seized.

## Actions against Local IPR Infringements

C&ED continued to take vigorous enforcement operations against local trademark counterfeiting and copyright infringement activities. In 2022, C&ED detected 168 cases involving forged trademarks on the market and arrested 176 persons. The seized goods were mainly clothes and accessories, watches and parts, followed by leather goods with a value of \$16.11 million.

C&ED also strived to combat inland copyright infringement activities. In 2022, C&ED detected 29 local piracy cases on the market with the arrest of 38 persons. On pirated optical discs (PODs), with the vigorous enforcement actions taken by C&ED, the retail outlets selling PODs have almost been wiped out in recent years.



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

## Actions against Cross-boundary IPR Infringements

C&ED kept stepping up enforcement actions against cross-boundary IPR infringement activities. In 2022, 275 cross-boundary infringement cases were detected with a total seizure of 0.55 million numbers of counterfeit items, valued at \$160 million. The counterfeit items mainly comprised clothes and accessories, electrical and electronic products, watches and parts, etc.

The Customs administrations of Guangdong, Hong Kong and Macao have been working closely to exchange views and share experience on enforcement and strategy for IPR protection. A virtual conference was held between C&ED with the Intellectual Property Rights Department of the Macao Customs Service in December 2022 to exchange views on strategies and enhance collaboration in combating cross-boundary intellectual property cases. In 2022, three joint operations were conducted by the Customs administrations of Guangdong, Hong Kong and Macao. As a result, 48 cases were detected with a total seizure of about 109 000 numbers of counterfeit goods, valued at around \$46 million.

Counterfeit goods of famous brands were seized during the joint operations conducted by the Customs administrations of Guangdong, Hong Kong and Macao.



Content

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

C&ED actively applies the Organized and Serious Crimes Ordinance (OSCO) in the 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 8 counterfeit cases), with some HK\$140.4 million worth of crime proceeds/assets restrained. This enforcement approach has effectively clamped down on syndicates engaged in copyright piracy and trademark counterfeiting activities.



## Strategic Partnership

C&ED has been actively seeking greater co-operation with the IPR industry to step up 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 maintained close liaison with the industry, local and overseas law enforcement agencies, academics, etc. to review the effectiveness of Customs enforcement, re examine IPR protection issues and exchange views from multifarious perspectives.

In 2022, C&ED co-organised three seminars with the Korea Trade-Investment Promotion Agency, Content Overseas Distribution Association and the Japan External Trade Organization respectively with an aim to enhance the ability of frontline officers in identification of the relevant counterfeit products and maintain good communication and close cooperation with the trade.



In September 2022, copyright owner representatives shared the challenges currently faced by the anime industry in its development during an Intellectual Property Right Protection seminar co-organised by C&ED and the Content Overseas Distribution Association.





In December 2022, the Japan External Trade Organization (Hong Kong) invited trademark owner representatives to give a presentation on the latest anti-counterfeiting features of their brands to Customs officers at a seminar.



The Electronic Crime Investigation Centre

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 December 2022, ECIC delivered a webinar training course on “advanced cyber investigation skills and handling of digital evidence” to frontline officers of Macao Customs Service.

In 2022, C&ED achieved good progress in its partnership with the IPR sector and collaboration was sustained in some areas. The Intellectual Property Rights Protection Alliance (IPRPA) established by C&ED and the industry in March 2004 provides a platform for both parties to enhance strategic partnership, strengthen intelligence exchange, and step up publicity and public education. By the end of 2022, 75 organisations of the IPR sector have joined the IPRPA. During the year, C&ED organised a visit to the headquarters of an innovation and technology organisation for members of IPRPA, with an aim to enhance members' understanding of the latest development and application of artificial intelligence. C&ED also organised a webinar for members of the IPRPA to introduce the prospects of financial technology in the Greater Bay Area and Customs' enforcement against unfair trade practices.

The "Fast Action Scheme" launched jointly with the Hong Kong Brands Protection Alliance in July 2006 effectively protects the interests of IP owners who participate in major exhibitions and trade fairs staged in Hong Kong. Under the scheme, C&ED will take prompt enforcement action when reports on IPR infringing activities from the exhibitors are received. 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.



Members of the IPRPA visited the Headquarters of an innovation and technology organisation.



A Customs officer introduced Customs' enforcement against unfair trade practices at an IPRPA webinar.

Content

## 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 -

- 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;
- Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines – sponsored by the Hong Kong Copyright Licensing Association.

# COMBAT UNFAIR TRADE PRACTICES

**IN** 2022, C&ED received 6 075 (3 999 on goods and 2 076 on services) unfair trade practices-related complaints, most of which involved foodstuff, electronic products, furniture, beauty, fitness and travel services, representing a decrease of 13 per cent from 2021. Among them, 5 547 complaints were handled. With regard to 2 298 complaints, a total of 107 investigation cases were made after consolidation, mainly involving allegations of false trade description, wrongly accepting payment and misleading omission; the remaining 3 249 complaints had been closed since they were not in contravention of the TDO, or had been referred to other relevant law enforcement agencies or authorities for follow-up actions.

## Operations and Significant Cases

Over the years, significant cases in different commercial sectors were detected, including aggressive commercial practices by fitness centres and beauty parlours; false trade descriptions of services supplied by renovation service providers and employment agencies; misleading omissions deployed by vacation club marketing companies, 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 September 2022, a salesperson of a fitness centre was sentenced to imprisonment of 21 months and 27 days for conspiracy to engage in aggressive commercial practices in the course of selling fitness services. The contract amount involved was about \$900,000 which was a record amount for unfair trade practice cases involving the fitness industry.

In November 2022, a director and seven staff members of a fitness centre were convicted of aggressive commercial practices, theft and conspiracy to steal in 18 cases. The director was sentenced to imprisonment of 27 months. It was the heaviest penalty imposed among cases of a similar nature since the amendment of TDO in 2013.



Customs officers arrested staff members of an unscrupulous fitness centre.

Content

○ Apart from the fitness industry, C&ED also took stringent actions and achieved fruitful enforcement results in other service industries.

In June 2022, C&ED conducted test-buy operations to combat unfair trade practices at beauty parlours. Two directors cum salespersons from two beauty parlours were arrested.

○ Customs displayed the seized counterfeit beauty devices to the media in a press briefing.



Content



In July 2022, C&ED took enforcement action to successfully crack down on unscrupulous vacation club marketing companies deploying misleading omissions. As a result, nine persons from two vacation club marketing companies were arrested. The total value of the vacation club membership contracts involved was around \$520,000.



○ Customs officer briefed the media regarding the arrest of staff members of two vacation club marketing companies.

In September 2022, two staff members of an unlicensed employment agencies were sentenced to imprisonment of 28 months and 30 months respectively for wrongly accepting payment, applying false trade descriptions, and dealing with property known or reasonably believed to represent proceeds of an indictable offence (commonly known as money laundering), etc. This is the first unfair trade practice case with sentencing to imprisonment involving the employment agency industry, as well as the first time that an offender of unfair trade practice has been prosecuted for money laundering at the same time.



Customs officers briefed the media regarding the sentence of an employment agency case.

Customs officer briefed the media regarding the sentence of a beauty parlour case.



In October 2022, a salesperson of a beauty parlour was sentenced to immediate imprisonment of two months for engaging in aggressive commercial practices in the course of selling beauty services, which is the second heaviest penalty of immediate imprisonment imposed among cases in beauty industry.

## Operation Guardian

C&ED started a large-scale territory-wide special operation code-named “Guardian” since 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). By the end of 2022, a total of 40 cases were detected in which traders were suspected of violating TDO and CGSO when supplying anti-epidemic products. A total of 91 persons involved were arrested, and more than 38 million surgical masks, plenty bottles of disinfectant alcohol and saline solution were seized with an estimated retail value amounted to over \$144 million.

Face masks with forged trademarks seized in Operation Guardian.



Content

# REVENUE COLLECTION AND PROTECTION



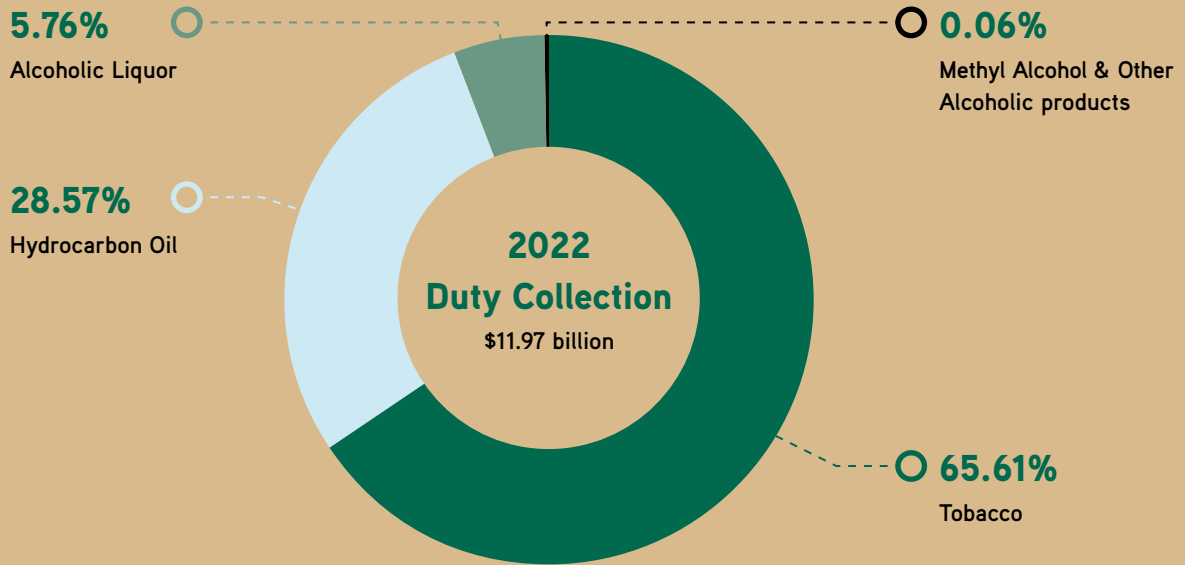
Customs officers conducted compliance check at a public bonded warehouse.

## 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 2022, excise duties collected amounted to \$11.97 billion, representing a decrease of 2.64 per cent when compared with 2021.



A Customs officer checked the production process at the factory of a cigarette manufacturer.

Content

## 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 2022, the number of vehicles first registered was 54 157, and the first registration tax collected was \$4.8 billion, a decrease of 28.4 per cent when compared with 2021.

In 2022, C&ED prosecuted 14 vehicle dealers and persons for contravening the Motor Vehicles (First Registration Tax) Ordinance with the involvement of 17 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.



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

## Illicit Cigarette



A total of about 78 million sticks of illicit cigarettes were seized in a case detected in July 2022, which was the largest illicit cigarette smuggling case in the past 21 years.

The epidemic exacerbated the global supply chain of cigarettes, causing delays in shipments and increases in costs. Therefore, illicit cigarette syndicates tended to smuggle a large number of illicit cigarettes into Hong Kong by sea each time and increase stock to stabilise supply. By strengthening intelligence analysis and tackling at source, C&ED's law enforcement strategy was proven effective as smuggling syndicates were repeatedly intercepted when replenishing their supply. The number of illicit cigarettes seized in 2022 hit a record high. 585 million sticks of cigarettes were seized in 28 mega inbound smuggling cases (those involving 500 000 sticks of cigarettes or above) detected during the year. The number of such cases increased by 1.3 times when compared with 2021.

C&ED detected 3 438 illicit cigarette cases with seizures of 732 million sticks of cigarettes and arrests of 2 813 persons in 2022. The total value of the seized illicit cigarettes amounted to \$2,017 million and the duty potential was \$1,395 million. As compared with the preceding year, the numbers of cases and arrests decreased by 14 per cent and 21 per cent respectively. Among the seizures, about 688 million sticks were related to local illicit cigarette activities, representing an increase of about 85 per cent as compared with 2021, as a result of the stepped-up enforcement at source of the supply chain.



Illicit cigarettes found a residential unit in the urban area and a remote metal hut.



A batch of illicit cigarettes and a van seized in an industrial building during operation.



Content



A batch of illicit cigarettes seized from a metal cabinet in the rear lane of a wet.

Telephone ordering has taken over street peddling to become the predominant mode of retailing of illicit cigarettes. Two dedicated task units were established to collect and analyse intelligence, and mount special operations to suppress these activities. The operational achievement was impressive, with the detection of 451 cases involving a total seizure of 3.6 million sticks of illicit cigarettes and the arrest of 461 persons in 2022.



Content

Vehicles for delivering telephone orders of illicit cigarettes were intercepted.



## Illicit Fuel

Illicit fuel activities continue to dwindle. For diesel oil, downward trends are seen in both the smuggling of duty-not-paid light diesel oil from the Mainland for sale in the local black market and the illegal use of marked/detreated oil as vehicular fuel since the duty rate of Euro V diesel was reduced to zero on 14 July 2008. For illicit motor spirit, the continuous and active enforcement actions over the years have achieved deterrent effect, resulting in a noticeable decline in such activities. Currently, only sporadic small-scale illicit motor spirit stations are being operated in remote areas in the New Territories. In 2022, 14 cases were detected with 27 000 litres of illicit motor spirit seized.



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

# FINANCIAL INVESTIGATION



C&ED detected the largest ever money laundering case of the Department with a laundered amount reaching \$3.5 billion.

## (1) Organized and Serious Crimes

A total of nine money laundering cases under the Organized and Serious Crimes Ordinance (OSCO) were detected in 2022, showing a 25 per cent decrease from 2021; 19 people were arrested, representing a year-on-year decrease of 40 per cent; and the amount of money involved reached \$5.2 billion, representing an increase of 18 per cent. Five cases involving over \$100 million were detected, the largest being \$3.5 billion.

## Operation “Alchemist”

In October 2022, C&ED detected the largest ever money laundering case in record. Two local men were arrested for engaging in money laundering through trading precious metals from unknown sources, involving a total of about \$3.5 billion. Investigation revealed that the background and financial status of the duo were highly disproportionate to the large amount of suspicious transactions recorded in their company bank accounts and they frequently withdrew large quantities of precious metals from a local security logistics company. They were suspected of engaging in money laundering activities amounting to about \$2.9 billion. One of them was also suspected of instructing a precious metal trading company to directly deposit into third party accounts about \$600 million proceeds obtained from the selling of precious metals.



C&ED searched four residential premises, five company addresses and two local money service operators during a raid.



Content

## Operation “Eagle Net”

In April 2022, C&ED successfully cracked down a syndicate suspected of using cryptocurrency for money laundering. A total of four persons were arrested and the laundered amount was some \$600 million. Investigation revealed that the syndicate frequently received suspicious bank transfers of large amounts from an overseas cryptocurrency trading platform and multiple third party bank accounts. The syndicate members opened accounts at the overseas cryptocurrency trading platform to receive cryptocurrencies from unknown sources. Then they converted the cryptocurrencies into fiat currencies and remitted all the suspicious funds out via local banks.



## (2) Anti-Money Laundering and Counter-Terrorist Financing

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) (Chapter 615) and its preceding ordinance came into operation on 1 April 2012.

### Supervision of Dealers in Precious Metals and Stones

To fulfil Hong Kong’s obligations as a member of the Financial Action Task Force, thereby safeguarding its reputation as an international financial centre, the Government is committed to the implementation of the regulatory regime for dealers in precious metals and stones (DPMS) introduced under the AMLO.

Following the passage of the relevant amendment bill by the Legislative Council on 7 December 2022, a two-category registration regime of DPMS and other statutory measures would come into effect on 1 April 2023.



Content

C&ED stepped up promotion of the regulatory regime for dealers in precious metals and stones.

## Statutory requirements

Starting from 1 April 2023, local dealers who intend to carry out transaction(s) with total value at \$120,000 or above have to register with C&ED, and fulfil their anti-money laundering and counter-terrorist financing obligations as appropriate. The two-category registration regime is as follows -

	≥ \$120,000 non-cash transaction	≥ \$120,000 cash transaction
Category A Registrant	✓	✗
Category B Registrant	✓	✓

For non-Hong Kong dealers fulfilling the prescribed conditions, although they are exempt from registration, they are required to submit to C&ED within the specified period a cash transaction report for cash transaction(s) with total value at \$120,000 or above carried out in Hong Kong.

## Supervision of Money Service Operators

Under the AMLO, the Commissioner of Customs and Excise is the relevant authority of both the money service operators (MSOs) and the Postmaster General, and 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.

As at 31 December 2022, there were 712 licensees on the Register of MSOs. In 2022, by way of a risk-based strategy, 102 licensed MSOs were selected for compliance inspection with 72 non-compliant cases detected. Disciplinary sanctions were initiated against 10 of the cases. C&ED would continue to take appropriate deterrent measures, including public reprimand, pecuniary penalty and remedial actions, to deal with various non-compliances. C&ED also prosecuted those involved in 23 cases of UMSO, leading to a total of 560 hours of community service order and a total fine of \$410,000.

## Outreach and Educational Seminars

C&ED regularly conducts trainings and outreach activities for MSOs to enhance their capacity in fulfilling their responsibilities. In 2022, C&ED organised various seminars and small group workshops, and continued to implement territory-wide outreach programmes to help MSOs better understand their AML / CFT obligations, raise their awareness of money laundering / terrorist financing risks, and offer them assistance. The outreach programmes also facilitated C&ED's assessment and determination of individual MSOs' risk profiles. Besides, C&ED collaborated with the Hong Kong Money Service Operators Association to exchange views on the industry's best practices and explain to the industry the latest regulatory requirements.

C&ED organised a seminar on the legal obligations and regulatory requirements of MSOs under the AMLO.





C&ED officers visited a money service operator during an outreach program.

C&ED proactively launched various trade facilitation measures, such as the online self-assessment tool “MSO iPASS”, and an online video introducing “Competence Assessment”. It also participated in the Fintech Week organised by the InvestHK, to assist those who wish to run a money service business in making preparations for the application for MSO licence.

C&ED launched the MSO iPASS in 2022 to assist those who wish to run a money service business in making preparations for the application for MSO licence.

### (3) Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance

The Ordinance came into operation on 16 July 2018. Established under the Ordinance was a declaration and disclosure system for the detection of cross-boundary movement of large quantities of physical currency and bearer negotiable instruments (CBNIs) into or out of Hong Kong. C&ED monitors the cross-boundary transportation of CBNIs through the system to combat money laundering and terrorist financing activities.

A total of 5 107 declarations of CBNIs involving \$596.8 billion were received in 2022. For the traveler channel, all the 77 offenders ended up paying a fixed penalty of \$2,000 to discharge their legal liabilities, whereas for the cargo channel, three cases were detected and all of them underwent criminal proceedings.



Promotional poster for the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance

## No. of CBNIs Declarations and Total Declared Value



### Traveler Channel

No. of Declarations  
**514**

Total Declared Value of CBNIs  
**\$9.7 billion**



### Cargo Channel

No. of Declarations  
**4 593**

Total Declared Value of CBNIs  
**\$587.1 billion**

Content



# CRIMINAL PROSECUTION

**C&ED** takes criminal prosecution seriously with the aim of bringing offenders to justice. Successful prosecution is not only an encouraging finale to frontline operations and investigations, but also effectively deters criminal activities. In 2022, the number of prosecution cases was 1 411, of which 173 (12.3 per cent) were related to the Import and Export Ordinance; 690 (48.9 per cent), the Dutiable Commodities Ordinance; 301 (21.3 per cent), the Trade Descriptions Ordinance; 112 (7.9 per cent), the Dangerous Drugs Ordinance, and 39 (2.8 per cent), the Copyright Ordinance. A total of 1 486 persons and 239 companies were prosecuted, resulting in a total fine of \$7.8 million and imposition of imprisonment in 231 cases.

## Prosecution Summary

In 2022, among the prosecution cases brought by C&ED, a total of 1 339 persons and 220 companies were convicted. Details of the prosecution-related figures are set out in Appendices 12 to 14.



**1 339 persons**  
were convicted



**220 companies**  
were convicted

# 04.

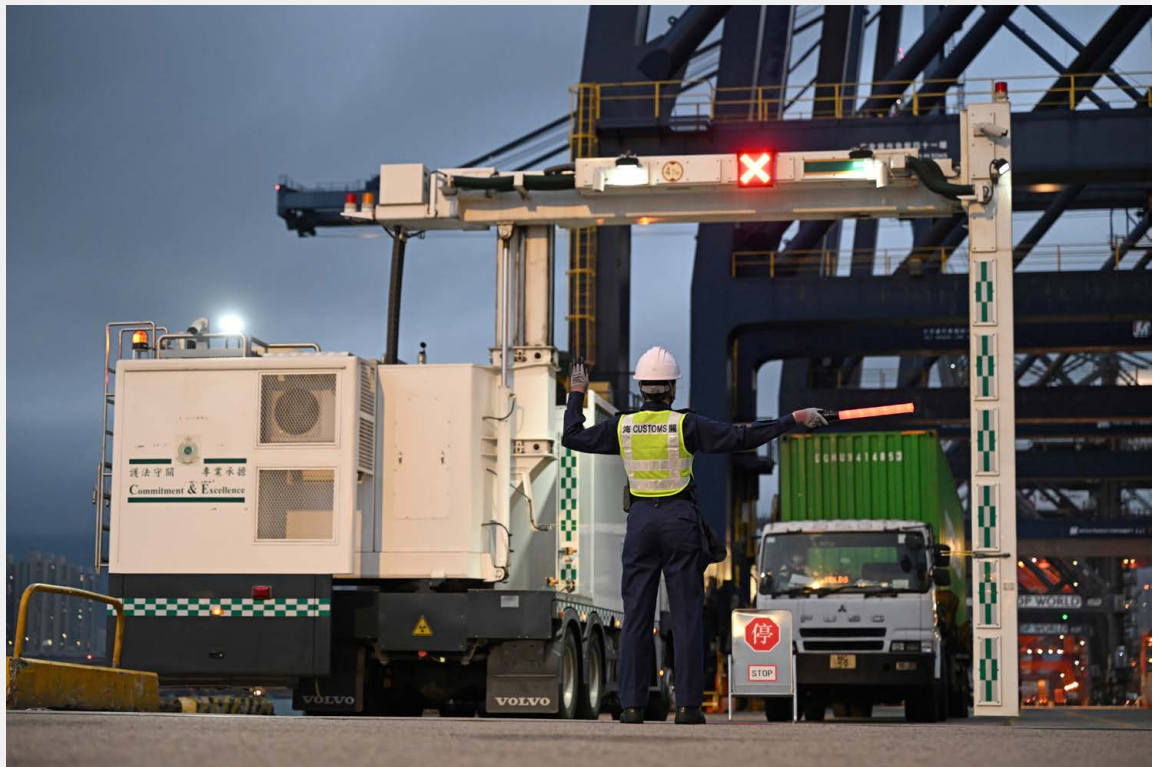
# EFFECTIVE CLEARANCE



**C&ED** is the primary agency responsible for the suppression of smuggling activities by sea, land and air. Its staff members are deployed at various sea, land and air control points to conduct clearance checks on passengers, cargoes, postal parcels and cross-boundary conveyances going in and out of Hong Kong.

As the first line of defence to safeguard Hong Kong, C&ED makes steadfast efforts for effective import and export control and strives to combat cross-boundary illegal activities. Considerable enforcement results have been achieved not only in core functions like narcotics interdiction, anti-smuggling, revenue protection, strategic trade controls and protection of intellectual property rights, but also in other aspects ranging from public health, public safety to environmental protection, etc. in order to suppress cross-boundary illegal activities. Furthermore, C&ED is dedicated to fulfilling international obligations and ensuring the provision of effective and smooth clearance of imports and exports.

Content



○ Customs officers worked diligently night and day to provide a timely and reliable clearance service.

# Actively preparing for full resumption of normal travel in an orderly manner

C&ED has been fully complementing with the Central Government and the HKSAR Government to achieve the full re-opening of the border in an orderly manner for the resumption of normal travel between the Mainland and Hong Kong.

With the establishment of the Coordination Command Centre on Resumption of Normal Travel in December 2022, C&ED carried out preparatory work at various control points to ensure the hardware and software were ready for the re-opening of the border, including the checking of clearance facilities and testing equipment.

Regarding the manpower arrangement, officers temporarily assigned to carry out other operations and duties during the epidemic were redeployed back to the control points to attend intensive training and drill exercises in preparation for the full resumption of normal travel.



On 28 December 2022, Deputy Commissioner (Control and Enforcement) Mr. CHAN Tsz-tat (left) and Assistant Commissioner (Boundary and Ports) Ms. NG Kit-ching (right) launched the Coordination Command Centre on Resumption of Normal Travel, leading frontline officers to prepare and coordinate the initial work for the resumption of normal travel.



Content

# Prompt response to ensure efficient logistics

C&ED has been fully complementing the Government's measures to improve cross-boundary transport arrangement in order to ensure efficient logistics for supplies imported from the Mainland to Hong Kong amid the epidemic. These measures included the launch of the "Sea Express" water transportation service, the operation of railway cargo transportation and the extension of operating hours of the Man Kam To Control Point.

In an effort to accommodate the imminent needs of the community and support economic activities, C&ED worked closely with respective government departments and agencies to ensure speedy and seamless clearance of fresh food produce, daily necessities, medicine, and anti-epidemic supplies.



C&ED stepped up to ensure efficient and effective clearance of imports from the Mainland.



○ The operating hours of cargo clearance at the Man Kam To Control Point were extended to ensure a stable supply of fresh produce amid the epidemic.



Customs officers provided speedy and efficient clearance of supplies from the Mainland to Hong Kong amid the epidemic.



Customs officers conducted aircraft search at the Hong Kong International Airport to combat smuggling and illegal activities.

## Serving with tenacity to strive ahead

C&ED stood at the forefront of the border during the epidemic to carry out different anti-epidemic prevention and control measures, and to provide effective and efficient clearance service for ensuring the smooth cross-boundary cargo and passenger flow at boundary control points.



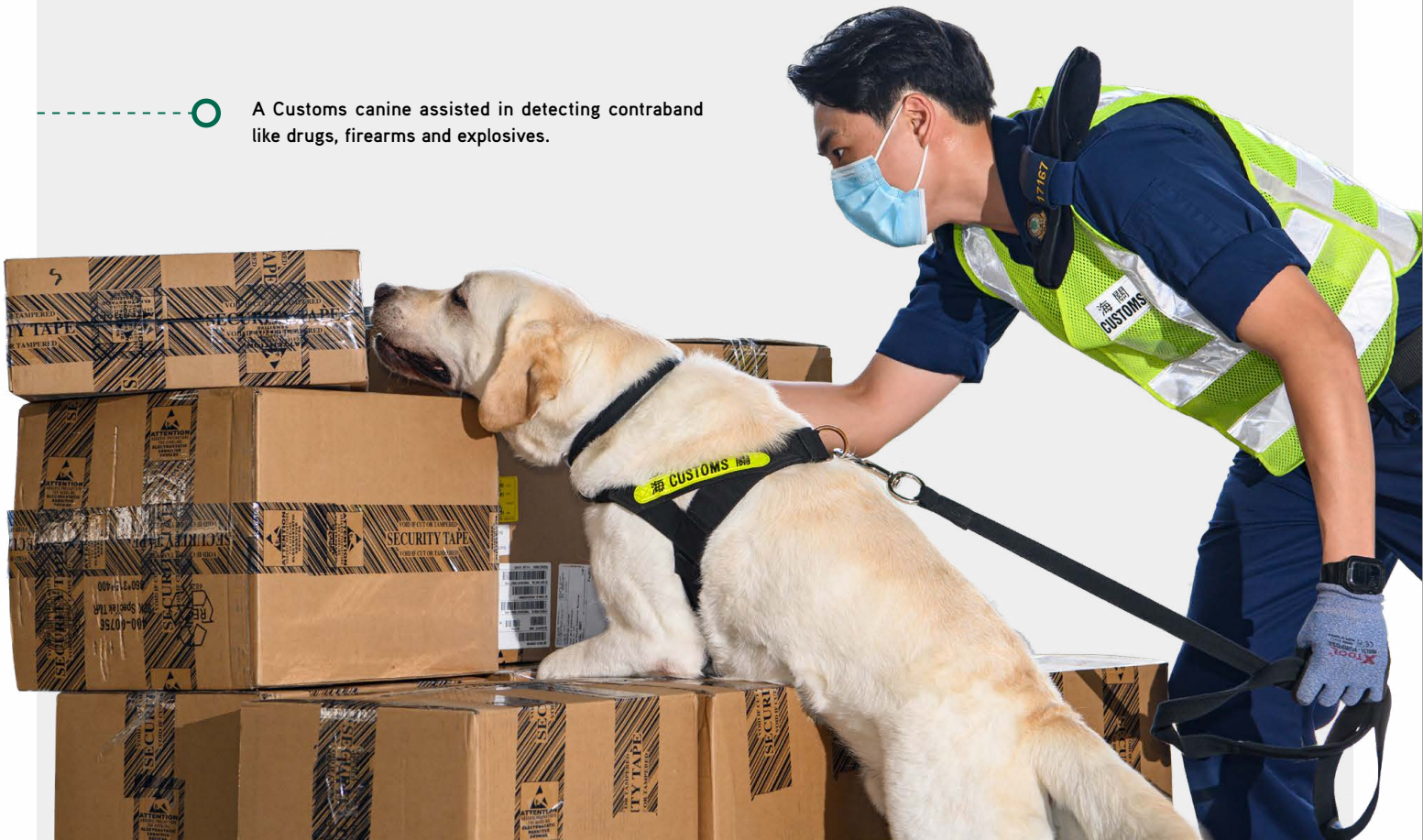
○ Customs officers deployed specialised equipment such as handheld X-ray scanner to detect smuggled goods concealed in conveyances.



○ A Customs officer discovered contraband hidden underneath a vehicle with an under-vehicle search mirror.



○ A Customs canine assisted in detecting contraband like drugs, firearms and explosives.



Customs officers carefully inspected air parcels to prevent contraband from entering Hong Kong.



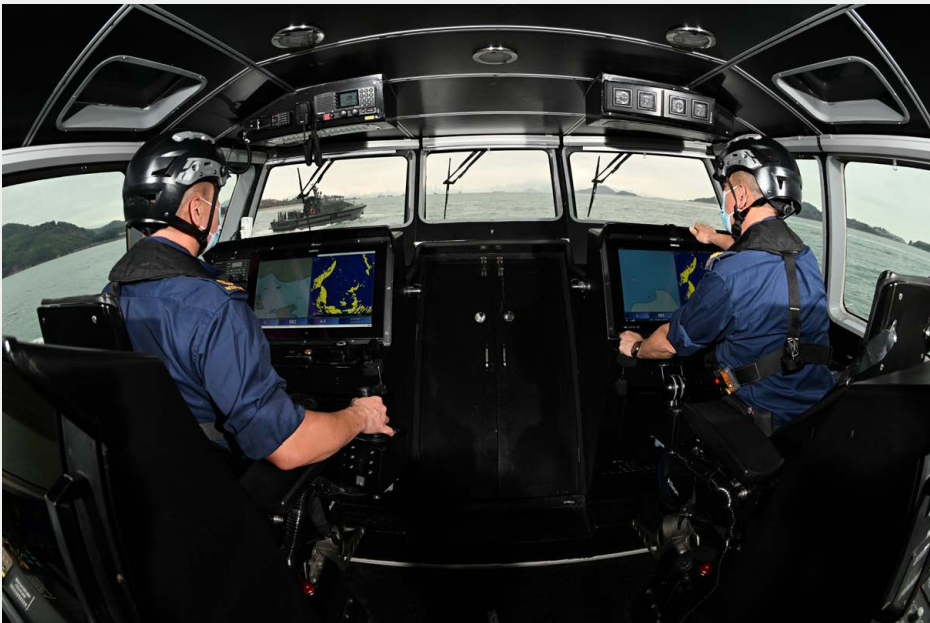
Mobile vehicle X-ray scanning system offered indispensable support in combating smuggling and illegal activities.



Customs officers used a metal saw to cut open a mega-sized electronic transformer with drugs concealed inside.



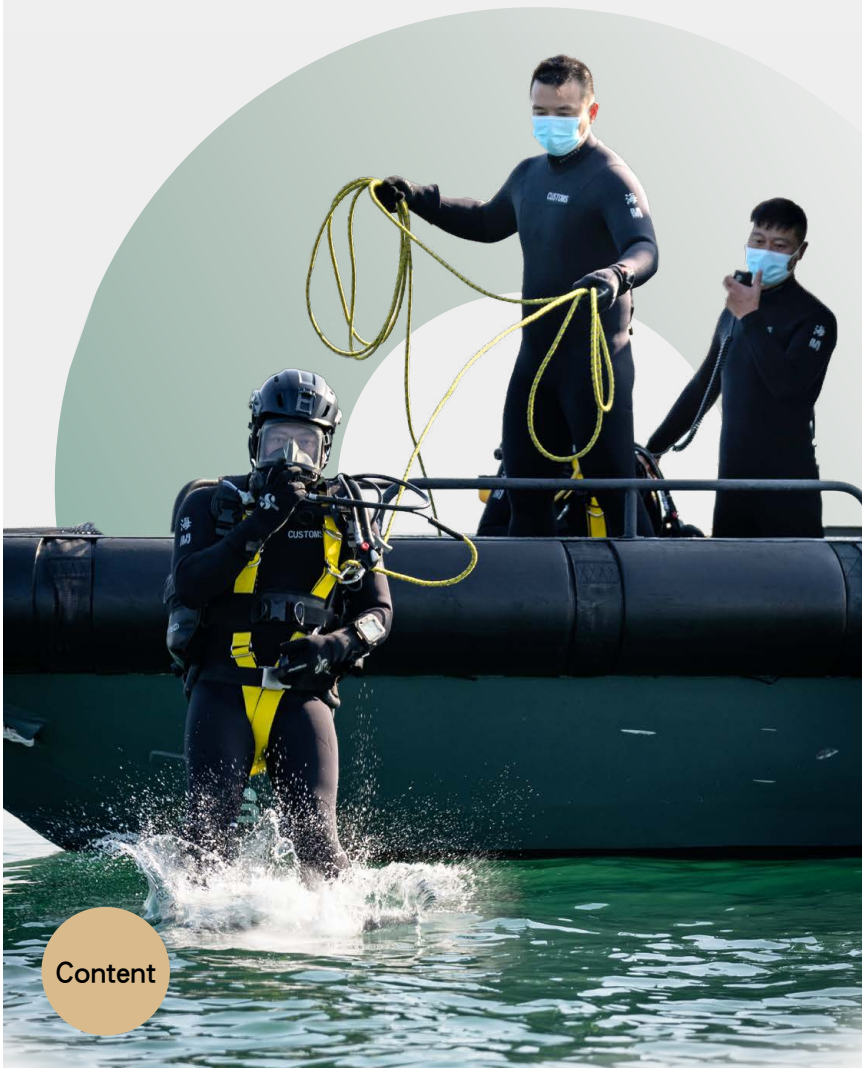
Customs officers effectively combated sea smuggling activities with an advanced surveillance system at the Customs Radar Monitoring Command Centre.



Customs officers patrolled Hong Kong waters round the clock to detect and deter smuggling activities.



C&ED combated sea smuggling with high speed pursuit craft.



A Customs diver performed underwater search to detect smuggled goods.

Content



Customs officers boarded an ocean-going vessel to perform Customs clearance work in full personal protective equipment amid the epidemic.



Customs officers went all out in searching a vessel despite the harsh environment on board.

Content



○ A professionally qualified Customs officer equipped with breathing apparatus searched the confined space on a vessel.



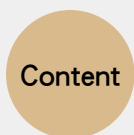
○ Customs officers thoroughly searched the vessel compartment.



A Customs officer answered an incoming passenger's enquiries on duty-free concession entitlement.



Customs officers detected drug trafficking and smuggling activities by deploying advanced equipment.



# Expanding the Customs Canine Force on all fronts



Eight Labrador puppies were bred to serve as detector dogs under a joint programme between C&ED and AVSECO.

C&ED strived to develop its professional Customs Canine Force to deter and detect smuggling activities. In 2022, the first tobacco detector dog team was officially established to strengthen Customs' enforcement effectiveness in fighting against illicit cigarettes at source.

The detection capabilities of Customs canines have been extended to cover drugs, explosives, cash, firearms and tobacco since its establishment.

C&ED achieved another milestone in combating smuggling and safeguarding Hong Kong's security by collaborating with other authorities, including the Aviation Security Company Limited (AVSECO), Correctional Services Department and Fire Services Department, in canine breeding and training.

C&ED also signed a Memorandum of Understanding with the World Customs Organization (WCO) in June 2023 to set up a Regional Dog Training Centre in Hong Kong. Training courses, workshops and seminars on different types of detector dogs would be organised for members in the Asia-Pacific region of the WCO in due course. Through strengthening co-operation and experience-sharing with members in the region, C&ED would be able to further enhance professionalism in detector dog handler training and establish international recognition in this field.





Customs canines underwent daily training at Customs Detector Dog Bases.



- Swimming pools were built at Customs Detector Dog Bases to help canines enhance cardiopulmonary function and muscle strength.

Content

# 05. 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.

Content

## (1) Weights and Measures Ordinance

To eradicate dishonest sale of short-weighted items, C&ED conducted 1 710 spot checks and 349 investigations in 2022 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 2022, prosecution was taken in two cases and warning letters were issued in 27 cases involving contravention of the Weights and Measures Ordinance.

## (2&3) 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 2022, 3 278 spot checks and 278 investigations were conducted and 17 prosecution cases were concluded. Besides, C&ED issued 15 Prohibition Notices prohibiting the supply of unsafe products, such as children's cot, squeeze toy, stroller, toy gun, projectile toy, whitening cream, powerbank and hot water bottle.

In order to step up enforcement action, C&ED also conducted nine blitz checks against the import shipments of unsafe toys, children's products and consumer goods at boundary control points in 2022.



Officers of Consumer Protection Bureau conducted blitz check at control point with the aid of the handheld analyser to detect whether the imported products contain excessive harmful substances.

## (4) 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.

### Special Patrol Operation

A special patrol operation was launched between February and May 2022 to combat the Rapid Antigen Test (RAT) kits bearing false trade descriptions and forged trademarks. During the operation, C&ED requested the suppliers to provide evidence for verifying the claims applied to the RAT kits to ensure that the products comply with the requirements of TDO. A total of 75 RAT kits were inspected in the operation and no violation of TDO was found.

C&ED also proactively carried out 4 082 spot checks against retail stores and stalls at trade fairs and exhibitions. Following the relaxation of entry curbs since mid-2022, trade activities gradually resumed. As such, the Department conducted additional spot checks for safeguarding consumers.

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 18 occasions to handle urgent complaints.



Customs officers conducted spot checks against hairy crab retail stores.



Frozen scallop sashimi and sole fish fillet seized in false trade descriptions cases.



## Prepaid Consumption

In the past, C&ED received many complaints about prepaid consumption in fitness centres and beauty parlours, especially those involving aggressive commercial practices. As C&ED continues to strengthen law enforcement and the courts impose corresponding penalties on serious cases, the number of complaints received by C&ED in 2022 involving aggressive commercial practices in fitness and beauty services has dropped significantly, from 140 complaints in 2021 to 82 complaints in 2022, resulting in a drop of about 41 percent.

## Tourism Industry

With the relaxation of the inbound and outbound epidemic prevention control measures in Hong Kong and overseas in the second half of 2022, outbound travel activities by the public have increased. The number of reports received by C&ED on travel services also increased from 173 in 2021 to 232 in 2022, representing an increase of about 34 per cent. The reports mainly involved travel agency services such as travel club membership and hotel and air ticket reservations. As the tourism industry gradually returns to normal, C&ED will closely monitor complaints about travel services, review the trend of unfair trade practices and formulate appropriate measures to protect the rights of consumers.

## Publicity and Education

Apart from taking necessary and timely enforcement actions, C&ED is also committed to driving publicity to enhance consumer awareness of the TDO. In August 2022, C&ED proactively launched a publicity campaign themed “Combating Against Unfair Trade Practice, Addressing People’s Concerns and Difficulties in Daily Life”. A promotional video and a series of comics were published on departmental social media channels to unveil common unfair trade practices in the fitness, renovation, employment agency and beauty service industries, so as to remind consumers to stay alert and avoid falling into consumer pitfalls. In addition, C&ED took precautions by taking the initiative to carry out publicity in newly completed public housing estates in Tuen Mun by distributing leaflets to remind members of the public to pay attention to the common unfair trade practices in the renovation industry as well as traders to comply with the requirements of the TDO.



Customs officers delivered an educational seminar about the Trade Descriptions Ordinance to the International Beauty and Health General Union in August 2022.



Customs officers delivered an educational seminar about the Trade Descriptions Ordinance to the Hong Kong General Chamber of Pharmacy Limited and its members in October 2022.



Common unfair trade practices in renovation services were revealed via comics.



Promotional poster provided tips and key points on procurement of renovation services.



Customs officers distributed pamphlets to remind members of the public about consumer pitfalls.

Content

# 06.

# 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, C&ED 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 C&ED secures compliance with international obligations and multilateral trade agreements as well as facilitating trade and economic development.



Content



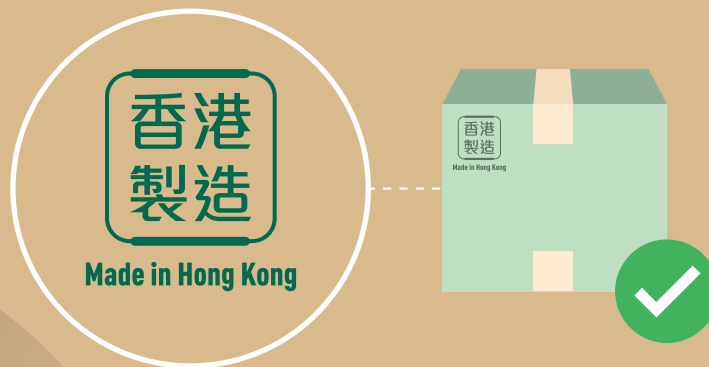
## Upholding Hong Kong's Trading Integrity

Given the importance of trade and industry to the economy of Hong Kong, C&ED enforces various 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. C&ED also protects the legitimate interests of traders and manufacturers through enforcement actions. In addition, C&ED helps mediating 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 2022, C&ED conducted 507 factory inspections to uphold the credibility and integrity of the System.



## 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 helps prevent HKSAR from being used as a conduit for the proliferation of weapons of mass destruction, while at the same time ensures the free flow of advanced technology for legitimate commercial, industrial and research purposes.



○ Customs officers inspected shipments of strategic commodities at a border boundary control point.

In 2022, C&ED conducted 1 336 checks on import licences, 2 540 checks on export licences and 601 disposal checks concerning 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, three cases were detected with a total of 25 011 pieces of strategic commodities intercepted. In the year, C&ED investigated 263 cases and prosecuted 17 persons / companies, leading to a total fine of \$265,000 and the forfeiture of goods with a value of \$70,000. The value of the goods involved in the prosecution cases was \$2.13 million.

Number of checks conducted on import and export licences concerning strategic commodities



**1 336**  
import

**2 540**  
export



Number of investigations on strategic commodities

**263**



Amount of fine imposed by courts

**\$265,000**



Value of goods forfeited

**\$70,000**



Value of goods involved in the prosecution cases

**\$2.13 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 20.43 million declarations and collected \$450 million import and export declaration charges / clothing industry training levies / late penalties in 2022. The total amount of late / administrative penalties imposed and short-paid declaration charges / clothing industry training levies recovered was \$9.64 million. In addition, C&ED also received approximately 3.97 million cargo manifests in respect of different modes of transport, including air, ocean, rail and road.



Number of import and export/  
re-export declarations submitted

**20.43 million**



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

**\$450 million**

## Educational Seminars

In order to reduce the number of late and non-lodgment cases, C&ED regularly conducts educational seminars to remind traders and carriers / forwarders of their obligations and to improve their knowledge on lodging timely and accurate trade declarations and cargo manifests. C&ED organised six educational seminars for 86 traders and carriers / forwarders in 2022. 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.



Customs officers delivered educational seminars to traders and carriers/forwarders

## 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 2022, a total of 14 130 applications for CO(CEPA) were received. Of these applications, 13 815 CO(CEPA)s with a total value of \$12 billion were issued. These applications covered a wide range of products, with food and beverage, 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 963 applications for CO(CEPA) and examined 27 CEPA consignments at various cargo exit points in 2022.



Customs officer conducted factory inspection at a coffee (drip bag) manufacturing plant to ascertain the compliance of the registration conditions and CEPA origin rules.

## Kimberley Process Certification Scheme

The Kimberley Process 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 262 consignment inspections and 18 investigations on rough diamonds in 2022.



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

## Reserved Commodities Control

Through the enforcement of the Reserved Commodities Ordinance, C&ED monitors the import and export of rice to ensure a stable supply of rice in Hong Kong. C&ED conducted 4 144 inspections, investigated 32 cases, and prosecuted three persons / companies for importing rice without a valid import licence and one company for breaching rice registration conditions, resulting in a total fine of \$24,500 in 2022. In these cases, the value of the rice and mixed grains involved was around \$145,000.

## Mainland Cereals and Grain Flours Control

Since 2008, the Mainland has implemented export administrative measures for cereals and grain flours, requiring that their exports are for consumption in Hong Kong only. To complement the measures, C&ED conducted 130 inspections / verifications in 2022.

## Trade Mediation

To protect Hong Kong's trading reputation, C&ED provides free mediation service to settle trade disputes between overseas trading firms and local companies. In 2022, C&ED successfully settled five of 14 cases it mediated.

# 07.

# TRADE FACILITATION



**C&ED** is committed 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.

Content





E-lock equipped with unique features.

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

C&ED officially launched ITFS in November 2010. Under the Scheme, transshipment cargoes will normally be examined only once at either the point of entry or exit.

To further facilitate the transshipment of cargoes to and from the Mainland, 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 monitor the cargoes based on the principle of "across the boundary with one single e-lock under separate monitoring". The green light on the e-lock is used to indicate the inspection result for the other party's reference. It thus reduces any duplication inspection of the same shipment by both Customs administrations, saving time and cost for the industry.

Currently, SELS covers 75 clearance points in both Hong Kong and the Mainland, providing the industry with over 800 cross-boundary route options.

In 2022, in order to promote the Scheme to the industry, C&ED proactively organised a series of publicity activities, including the design of a new logo and production of promotional videos, attending media interviews and forums, and organising liaison group meetings, etc.

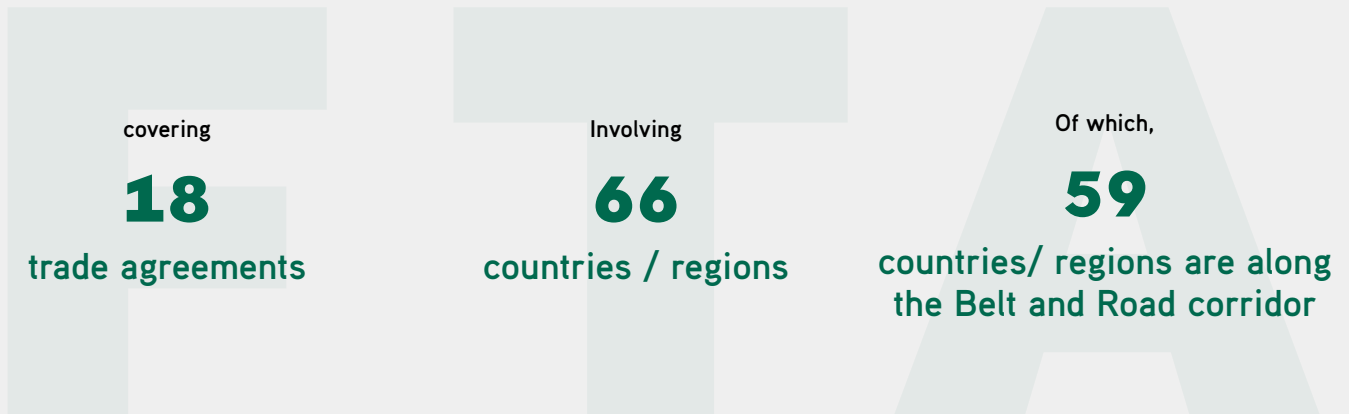


跨境一鎖計劃  
Single E-Lock Scheme

# Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme)

C&ED launched the FTA Scheme on 20 December 2015. Through the provision of Customs supervision and issuance of Certificate of Non-manipulation, the FTA Scheme facilitates the application for preferential tariff treatment under trade agreements signed between the Mainland and her trading partners for cargoes passing through Hong Kong.

The FTA Scheme currently covers 18 trade agreements and 66 countries / regions, 59 of which are economies along the Belt and Road corridor.



A Customs officer (second right) explained the benefits of the FTA Scheme at a webinar hosted by the Hong Kong Trade Development Council.



Content

A Customs officer promoted the FTA Scheme at the Toy & Games Fair





Up to 2022, 77 local companies were accredited as HKAEOs.

## 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 2022, 77 local companies were accredited as HKAEOs.

A memorandum of understanding between C&ED and the Mainland Customs was signed in 2022 to enhance AEO co-operation in the Greater Bay Area (GBA) and optimise the recommendation and processing of AEO applications, publicity and personnel training by both parties. In addition, C&ED has been taking active steps to develop Mutual Recognition Arrangements (MRAs) with other Customs administrations with a view to expanding the MRA international network and multiplying benefits for HKAEOs. To date, C&ED had signed 13 MRAs with the major trading partners of Hong Kong, and has actively cooperated with the Association of Southeast Asian Nations (ASEAN), which help support the Government's initiative to encourage enterprises to seize new opportunities brought about by the Belt and Road Initiative and the GBA development.



Amid challenges under the epidemic, C&ED expanded the MRA global network and ratified the 13th MRA with Indonesian Customs in 2022.



C&ED spared no effort to promote the HKAEO Programme to the industry.

Content

# Development of Trade Single Window

Trade Single Window (TSW) aims at providing a one-stop electronic platform for the trade to lodge Business to Government (B2G)'s import/export trade documents for the purposes of trade declaration and cargo clearance. The Commerce and Economic Development Bureau set up the Project Management Office (PMO) in 2016 to take forward the project with C&ED and other Participating Government Agencies (PGAs). C&ED, being the TSW operator, established the Office of Trade Single Window Operation (OSWO) in 2018 to oversee the system's operation and provide registration, training as well as helpdesk and hotline services to TSW users.

## Phase 1 - achieving notable results

The TSW is implemented in three phases. Phase 1, covering 14 types of trade documents, is now in full service and well received by the trade. The take-up rate for the system has been steadily rising and the average monthly usage rate reached 90% at the end of December 2022. For some licences / permits, the usage rates even reached 100%.



The TSW is implemented in three phases.

## Phase 2 - rolling out in batches

The Phase 2 services, covering another 28 types of trade documents with the provision of enhanced functions to facilitate users, are being rolled out progressively in batches starting from May 2023.

## Phase 3 preparation at full steam

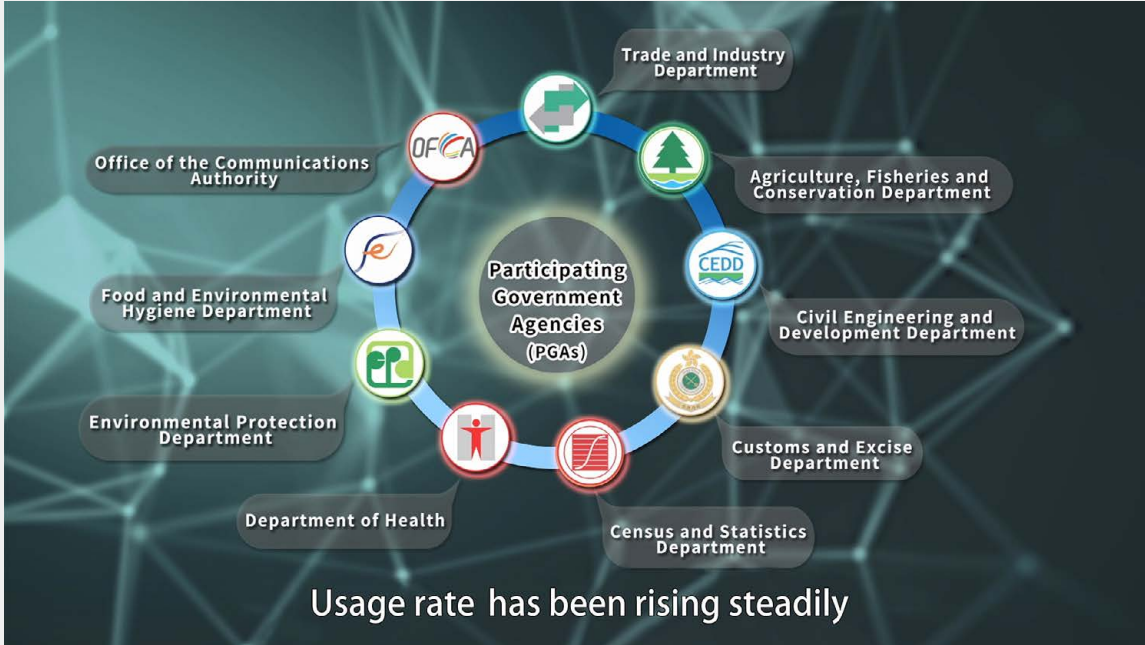
The Legislative Council approved in June 2022 a sum of \$1.4 billion for the development of the IT system for Phase 3 of the TSW. C&ED is working closely with the PMO and relevant PGAs on the development of the Phase 3 system which is targeted to roll out progressively starting from early 2026.

## Stepping up publicity to expand user base

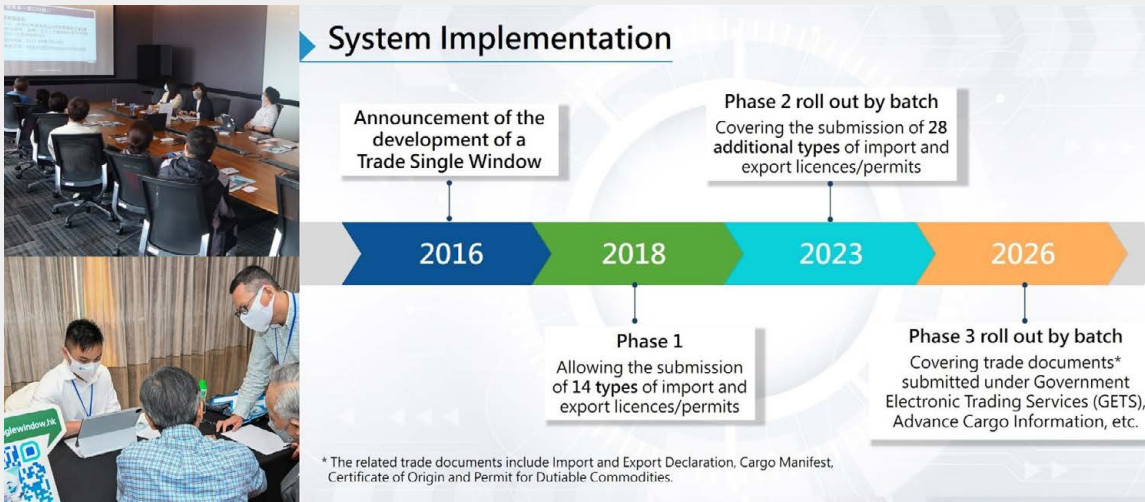
To attract more traders in the industry to use the service, OSWO launched a promotional video introducing the latest development of the TSW and inviting current users to share in person their views on the benefits of using the TSW. In addition, outreach publicity was conducted via the platforms of the Government's Small and Medium Enterprises (SMEs) Centres to reach out to a wider spectrum of potential users.



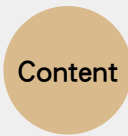
Engaging the trade in the filming of promotional video to share users' comments.



Nine Participating Government Agencies are included in the TSW, namely the Agriculture, Fisheries and Conservation Department, Census and Statistics Department, Civil Engineering and Development Department, Customs and Excise Department, Department of Health Environmental Protection Department, Food and Environmental Hygiene Department, Office of the Communications Authority, and Trade and Industry Department.



The TSW was promoted via online platform of Support and Consultation Centre for SMEs.





# 08.

## Co-operation with Mainland / International Counterparts

Content

## 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 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 September and October 2022 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 exchange. 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 co-operation between the two Customs administrations. A virtual meeting with the MCS was held in August 2022.



Macao Customs Service

The then Head of Customs Affairs and Co-operation, Mr. WONG Jug-tung (middle), led a delegation to attend a virtual meeting with the liaison officers of the MCS in August 2022.



## 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 139th / 140th Council Sessions held virtually in June 2022 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.



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

The 1st APEC SCCP Meeting in 2022

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

APEC, established in 1989, is an important forum, aiming to foster trade, investment and economic growth in the Asia Pacific region. The APEC SCCP, with objectives to co-ordinate 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 attended the APEC SCCP Meetings held virtually in February and August 2022 to foster close collaboration with other member economies, thereby co-ordinating Customs control measures in enhancing global supply chain security.

## Officials visiting C&ED

### ○ Nordic Police and Customs Co-operation

C&ED has all along been maintaining close contacts with overseas Customs administrations and law enforcement agencies for mutual co-operation and intelligence exchange. The Nordic Police and Customs Co-operation is one of our international counterparts.

On 28 November 2022, Ms. Mia POUTANEN, Nordic Counsellor in Police and Customs Matters from the Embassy of Finland in Beijing visited the Intelligence Bureau and the Customs Marine Base to gain a deeper understanding on our work on anti-smuggling and intelligence exchange.



Ms. Mia POUTANEN (middle) visited Customs Marine Base.



The Head of Customs Affairs and Co-operation, Ms. CHAN Yin (middle), invited the KCS's delegation to the Customs Headquarters Building Exhibition Gallery on 20 December 2022.

## Korea Customs Service (KCS)

The KCS, founded as an independent Customs administration in 1970, is devoted to the protection of Korea's finance and economy, prevention of social security risks and promotion of legitimate international trade and tourism.

On 20 and 21 December 2022, working meetings were held between C&ED and KCS, and visits to the Customs Headquarters Building and the Hong Kong Customs College were arranged, further cementing the co-operative relationship between the two parties.

## Customs Co-operative Arrangements (CCA)

In an effort to enhance co-operation in intelligence exchange and strengthen enforcement activities in the battle against transnational crimes, C&ED is keen to establish collaboration with potential overseas Customs administrations by signing bilateral co-operative instruments. C&ED has so far concluded 29 CCAs with other Customs counterparts.



On 15 August 2022, C&ED entered into bilateral arrangement with the Directorate General of Customs and Indirect Taxes of the Republic of the Congo, symbolising the common wishes and shared goals to enhance bilateral co-operation in different domains.

## Personnel exchange

C&ED has been maintaining close ties with the global Customs community and seconding Customs officers to various WCO offices, including the Compliance and Facilitation Directorate in Belgium, the Regional Intelligence Liaison Office for Asia and the Pacific in Korea as well as the Asia Pacific Regional Office for Capacity Building situated in Thailand.



Customs officers seconded to the WCO Compliance and Facilitation Directorate (left), Regional Intelligence Liaison Office for Asia and the Pacific (middle) and Asia Pacific Regional Office for Capacity Building (right) attended international conferences.

With a view to supporting INTEPROL in assisting its 195 member countries to curb international trafficking of illicit goods and dismantle organised syndicates, and to expanding the Department's co-operation network with overseas law enforcement agencies in combating smuggling activities and transnational intellectual property crime, C&ED has seconded officers to INTERPOL's General Secretariat at Lyon of France.

In mid-November 2022, Intellectual Property Investigation Bureau paid visits to the INTERPOL General Secretariat, the World Customs Organization Secretariat and the Directorate-General for Taxation and Customs Union of the European Commission. Meetings were held to strengthen co-operation and enhance collaboration in combating transnational and online IPR infringement activities.



The delegation of Intellectual Property Investigation Bureau had a meeting with the Directorate-General for Taxation and Customs Union of the European Commission in Brussels, Belgium in November 2022.



The delegation of Intellectual Property Investigation Bureau paid a visit to the INTERPOL General Secretariat in Lyon, France in November 2022.

Content

## The 20th Meeting of Heads of WCO Asia/Pacific Regional Training Centres

Office of Training and Development participated in the 20th Meeting of Heads of the WCO Asia/Pacific Regional Training Centres (RTCs) held in Bangkok, Thailand on 2 and 3 November 2022.

The meeting provided a platform for the Heads of RTCs to exchange views on WCO's updated regional training and development policies and strategies, and share good practices of Customs training. C&ED gave a presentation on the journey of accreditation of the Hong Kong Customs College's four training programmes (i.e. Inspector Induction Course, Customs Officer Induction Course, Passenger Processing Course and Cargo Processing Course) under the Hong Kong Qualifications Framework, the College's training quality assurance mechanism, and co-operation with universities for enhancing professionalism in trainings. It was agreed at the meeting that RTCs should foster closer ties in sharing knowledge and experience to further strengthen Customs capacity building in the region.



Senior Staff Officer (Training and Development), Mr. Eddie LAI, was greeted by the Deputy Director-General of Thai Customs, Mrs. Nunthita SIRIKUP, at the 20th Meeting of Heads of the World Customs Organization Asia/Pacific Regional Training Centres.



Senior Staff Officer (Training and Development), Mr. Eddie LAI, visited an exhibition booth and exchanged Customs training experience with the counterparts of RTC Thailand.

# 09. INFORMATION TECHNOLOGY

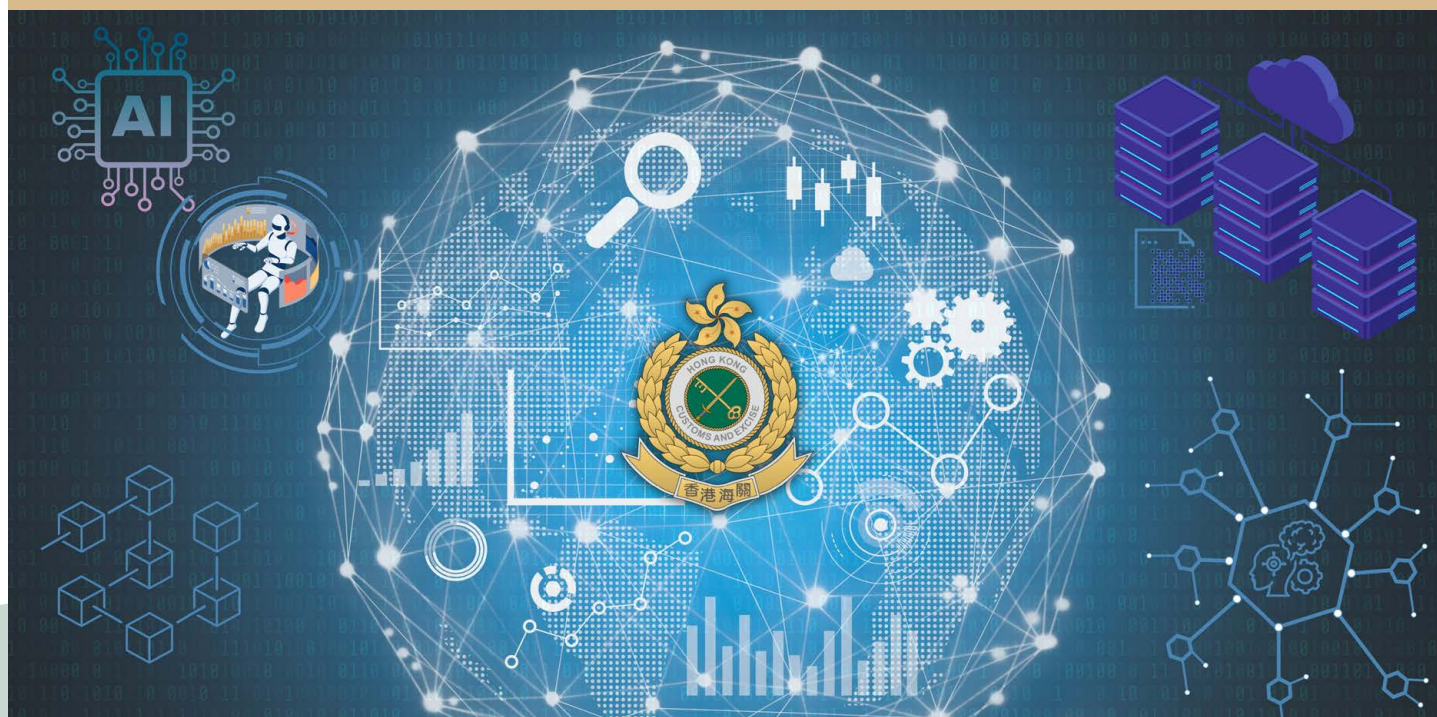


**C&ED** has been adopting information technology (IT) in different work domains to enhance operational efficiency and service quality. To advance with the rapid IT development in recent years, more innovation and technologies (I&T) have been adopted by C&ED to meet its existing and future operational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

## The Information Systems Strategy Study (ISSS)

C&ED conducted the ISSS between 2019 and 2020, aiming to formulate a holistic and up-to-date IT strategic plan for 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.

Based on the recommendation of the 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 be fully commissioned in 2026.



ISSS recommended achieving digital transformation through the adoption of Artificial Intelligence, Blockchain, Cloud Computing, and Big Data Analytics.



# Application of Innovation and Technology

To support the “Smart Customs Blueprint” and implement the ISSS’s recommendations, C&ED is exploring I&T applications on various fronts. Ongoing projects include -

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 Homepage and the Customs Virtual Robotic Ambassador will be set up at boundary control points and offices of C&ED.



An illustration of the Customs Virtual Robotic Ambassador

A pilot run on “AI-powered video analytics” technology for identifying container number and trailer number of cross-boundary goods vehicles has been started at the vehicular lanes of Shenzhen Bay Control Point since September 2022. The project aims to strengthen the Department's risk assessment capability by expanding the data variety of cross-boundary goods vehicles and adopting big data analytics.



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



The AI engine could identify the trailer number for risk assessment.

# 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 “Trade Single Window”, the “Road Cargo System”, the “Air Cargo Clearance System”, the “Motor Vehicles First Registration Tax System”, the “Money Service Operators Licensing System”, the “Dutiable Commodities System” and the “Currency and Bearer Negotiable Instruments Declaration System” have been built to provide service to the public.

Besides, the newly developed IT systems of C&ED, such as the “Dealers in Precious Metals and Stones Registration System” (DRS) rolled out in April 2023, will link up to the “iAM Smart” platform, enabling users to login to online services with a single digital identity and enjoy a brand new experience.



The Dealers in Precious Metals and Stones Registration System was rolled out in April 2023.

Since the official launch of the “Authorized Economic Operation (AEO) Platform for Data Exchange” (APEX) in December 2021, automatic real-time exchange of AEO data with the Mainland Customs through APEX was implemented in April 2022. Exchange of AEO data has become more efficient, secure and timely, allowing AEOs to enjoy faster clearance service and seize the development opportunities throughout the country.

A two-tier registration regime for dealers in precious metals and stones has been introduced under the “Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022”. C&ED is responsible for the administration of the regime and taking enforcement actions in non-compliance cases. To ensure the smooth implementation of the new ordinance, the Office of Information Technology (OIT) has rolled out the DRS in April 2023 to enable electronic application for dealer registration. DRS is the first system to connect to the Government’s “Shared Blockchain Platform” and apply C&ED OIT’s self-developed dynamic QR code authentication technology for enhancing the capacity of verifying registrants online.



Members of the public could check the registration validity by scanning the dynamic QR code.



PCS would adopt brand new technologies to better align with IT infrastructure.

To cope with the continuous growth of cross-boundary e-commerce and international mail traffic, C&ED plans to develop a dedicated “Postal Clearance System” (PCS) to handle the burgeoning Customs clearance work. A feasibility study of PCS is in progress to identify suitable technical solutions based on business needs, aiming to strengthen our operational efficiency and streamline clearance process.

# New Provision of Information Technology Facilities

To support Customs' future operation, new IT facilities will be provisioned at the 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. The above facilities are scheduled for commissioning between 2023 and 2025.

## 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 the analysis and restoration of digital evidence, and to provide evidence for prosecution in court.

C&ED has been allocating additional resources to computer forensics, and to the expansion of CFL which was completed in November 2022. The additional examination rooms and multi-purpose room not only enhance CFL's capacity in handling digital evidence but also enable the organisation of different kinds of training and meetings, greatly strengthening the forensic support to frontline officers.

Since its establishment, the CFL has processed 1464 cases involving intellectual property rights infringement, internet piracy, money laundering, drug trafficking, smuggling, false trade descriptions and revenue frauds.



CFL after expansion

# Advanced Training Technology

## Chinese-style Foot Drill Training Application

To improve training effectiveness and catch up with the rapid evolution of the digital world, the Office of Training and Development (OTD) and the Department of Computing of the Hong Kong Polytechnic University initiated a training project on developing an interactive training kiosk on Chinese-style foot drill which incorporated the technologies of motion detection, vision analytics and machine learning. Besides enriching the training experience of new recruits and deepening their understanding of Chinese-style foot drill, the training kiosk also serves to heighten the sense of national identity by promoting Chinese-style foot drill.



A visitor was trying out the Chinese-style Foot Drill Training Application in the Education & Careers Expo.



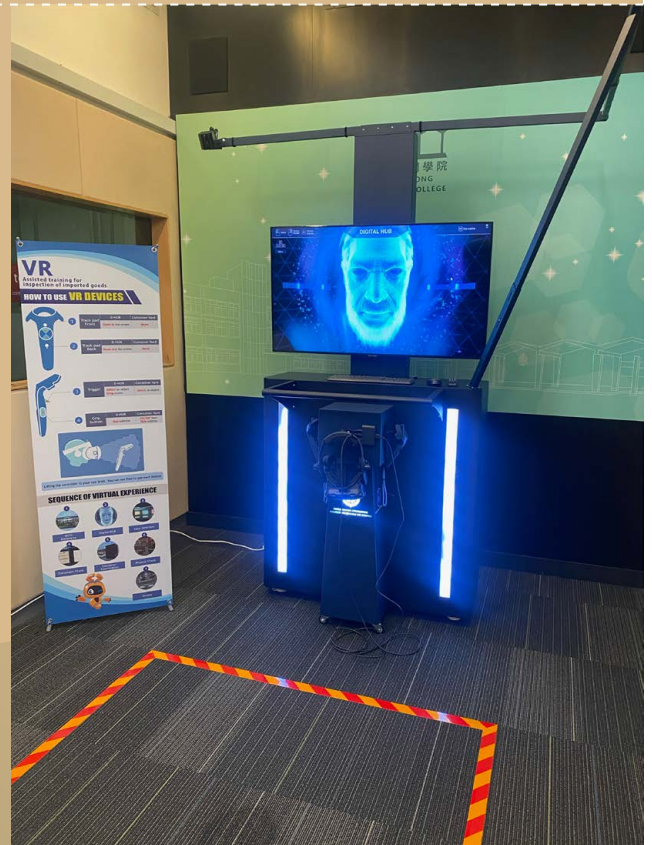
Trainees learnt performing frontline duties through CAVE.

## The Immersive Cave Automatic Virtual Environment System

OTD implemented an innovative learning tool “Cave automatic virtual environment” (CAVE) in the first quarter of 2023. By leveraging the latest technologies, such as Virtual Reality (VR), CAVE helps trainees learn abstract ideas and practical skills in performing frontline duties from veterans, hence deepening their impression. They are able to experience investigation work in complex crime scenes, and understand various concealment methods and smuggling scenarios in controlled and virtual environments before going into the field.

## The “VR Assisted Training for Inspection of Imported Goods”

In December 2022, WCO Asia / Pacific Regional Training Centre – Hong Kong installed a VR training set, which included headset, controller, high-end computer, TV screen and kiosk. The VR training set was developed by the WCO Virtual Reality Training Programme at the WCO Headquarters with the support of the Korea Customs Cooperation Fund. The programme was designed to assist Customs officials around the world in learning the basic procedures of physical inspection of containerized cargo at maritime port by VR technology.



The VR Training Set installed at WCO Asia / Pacific Regional Training Centre – Hong Kong.



# 10. PROJECTS



**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".

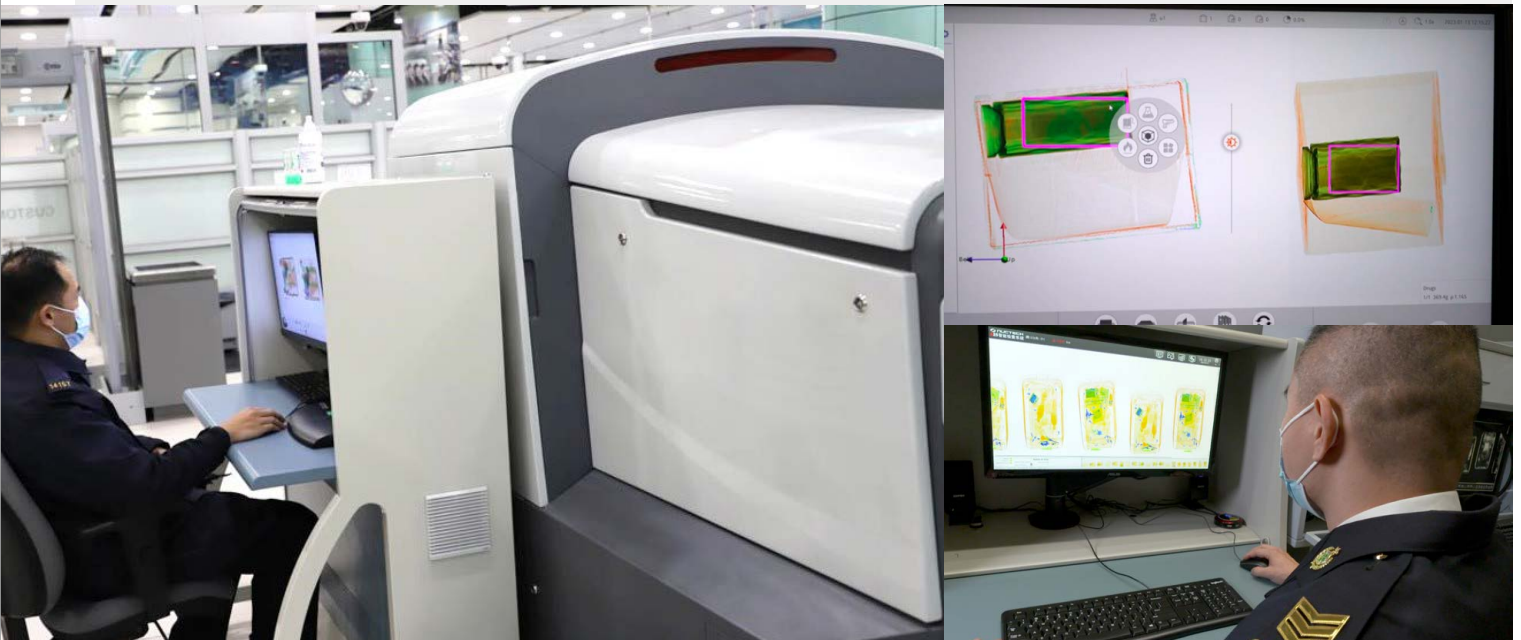
# I. Smart Blueprint

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.

Moreover, since the General Administration of Customs of the People’s Republic of China (GACC) has launched the Smart Customs Initiative, with smart construction as core of the initiative, C&ED has shown full support and to bring the Smart Customs Blueprint in line with the GACC’s Initiative. The Department has invested substantially in developing technology such as artificial intelligence, block chain, cloud computing and big data analytics to achieve integrated smart customs through innovation and technology.

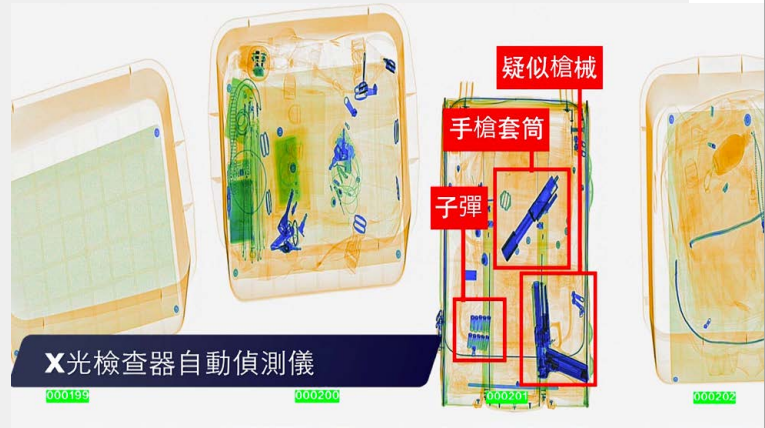
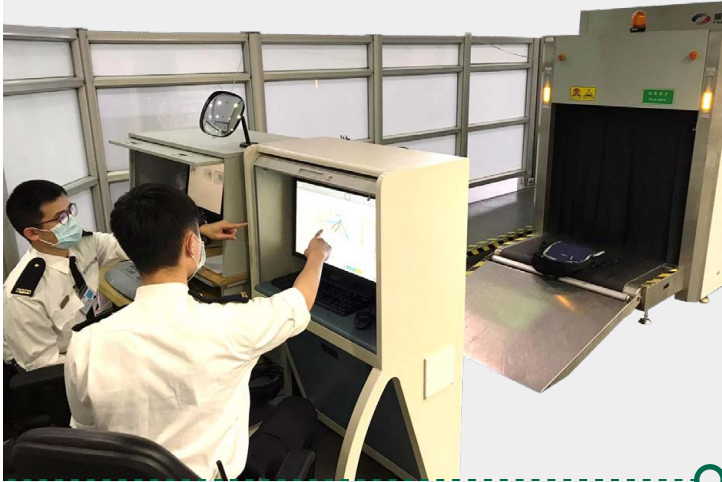
## (1) Advanced Equipment for Customs Clearance

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 ammunition, gun parts and weapons. All auto-detection devices and CT scanners have been delivered and installed in the second quarter of 2022. These advanced inspection equipment could greatly facilitate the clearance efficiency and enhance the ability in combating smuggling and other customs-related offence.



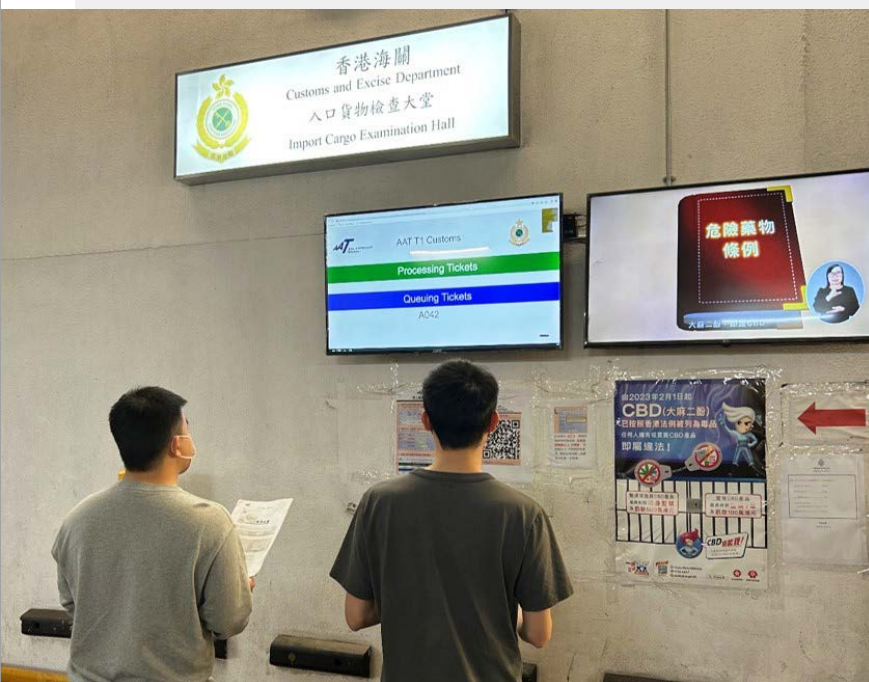
Computed Tomography Scanner

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Auto-detection Device for X-ray checker

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 and kick-started the procurement of the relevant system on the Single E-lock Scheme 2.0 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 Virtual Robotics Ambassadors 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 were completed 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.



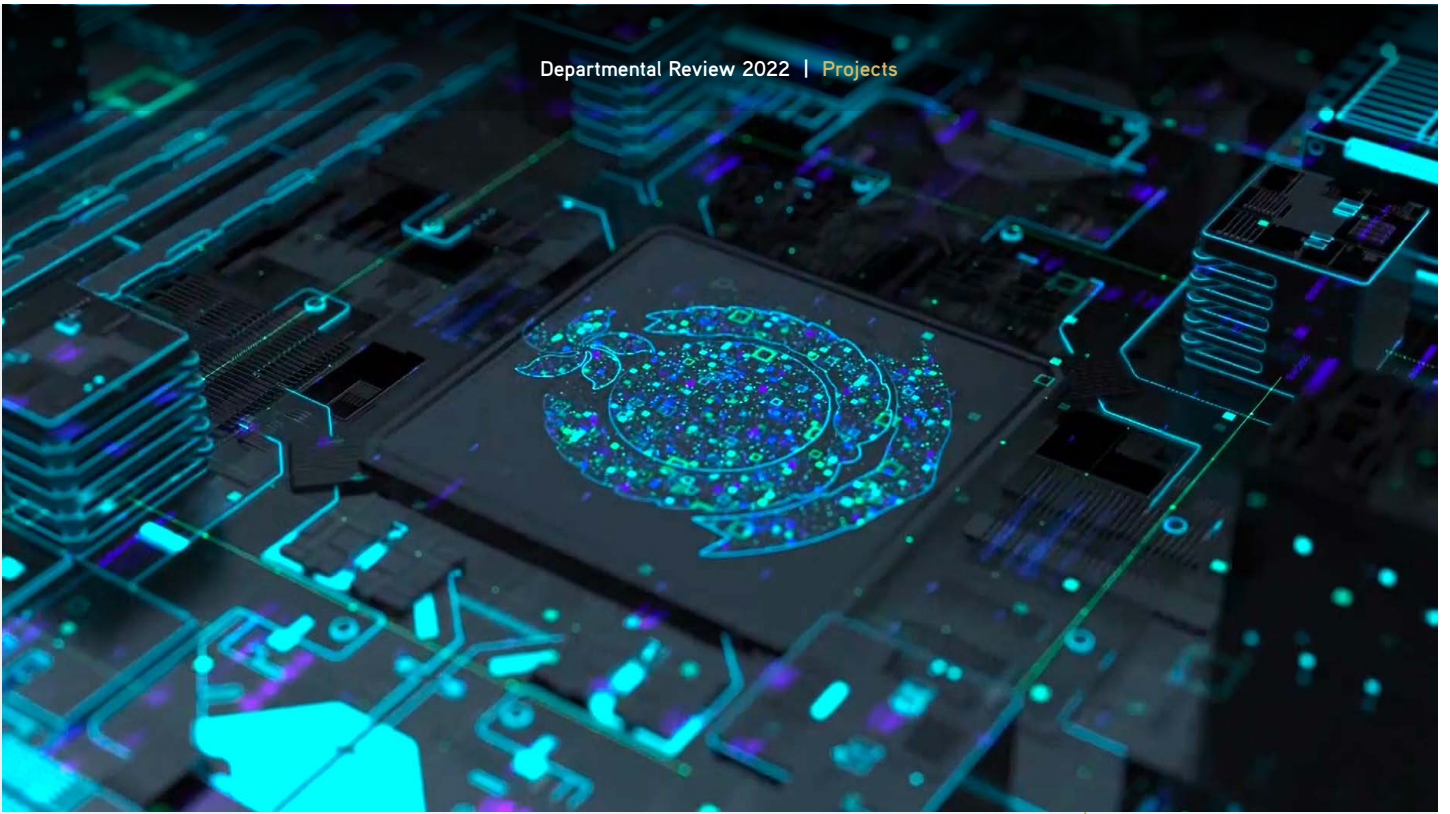
Non-contact Healthcare Multimeter

## (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.



Platform for X-ray Image Evaluation



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). C&ED completed the Proof-of-Concept (PoC) study of CCAS earlier and an all-in-one database is under development. C&ED also completed the PoC study of the Smart Seizure Management System, aiming at better rationalising the control and security of seizures during deposit, storage and retrieval stages, with the application of modern technologies. The trial run is expected to be rolled out in 2023.

○ Customs Crime Analytics System



Smart Seizure Management System

Content

### (3) Reinforcement of Interconnection

Regarding system development, C&ED has introduced online self-assessment tool, namely Authorized Economic Operation (AEO) iPASS to facilitate self-understanding of certifying standards and initial self-assessment by companies that are interested to join the HK AEO Programme. 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 April 2022, automated exchange of AEO data with the Mainland Customs through this platform was implemented in order to allow AEOs to enjoy faster clearance service by more efficient, secure and timely transmission of AEO data between the two places.



AEO iPASS

## II. New Control Points and Infrastructural Projects

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 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 caters for passengers as well as private cars and coaches.

The cargo clearance service and the passenger clearance service commenced operation on 26 August 2020 and 6 February 2023 respectively.

#### Heung Yuen Wai Boundary Control Point

Source : Transport and Logistics Bureau



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## (2) Three-Runway System

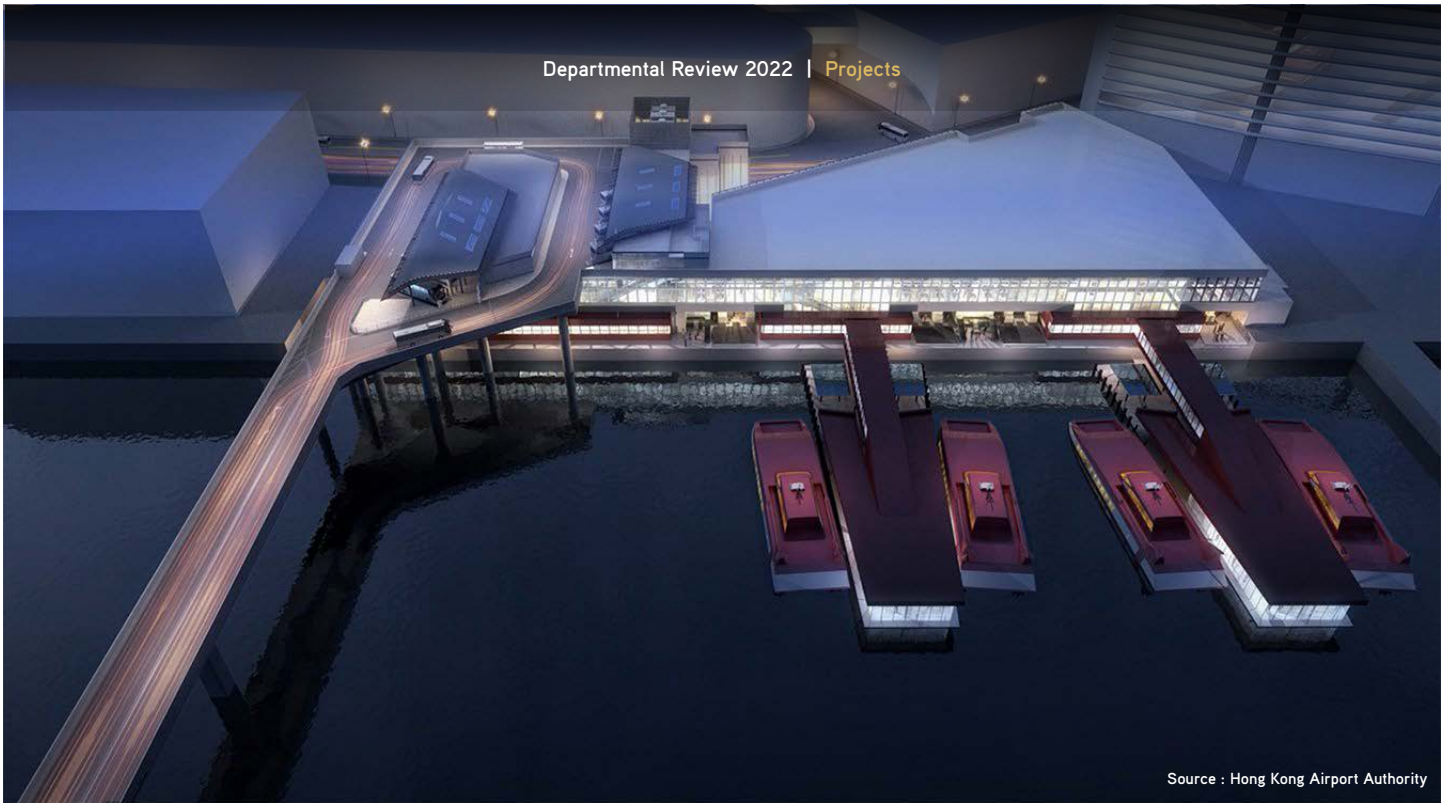
Three-Runway System



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

SkyPier Terminal

### (3) SkyPier Terminal (formally named as Intermodal Transfer Terminal)

The AAHK is developing the SkyPier Terminal 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 SkyPier Terminal includes expansion and modification of the existing SkyPier and a bonded road linking to the Hong Kong Boundary Crossing Facilities of HZMB. The construction work is in progress and the target commissioning date will be in the second quarter of 2023.

Content



Air-sea transshipment cargoes are conveyed by a vessel to the Intermodal Air Cargo Handling Facility.

#### (4) Intermodal Air Cargo Handling Facility (IAHF) ○

The Department gives full support to the Airport Authority Hong Kong (AAHK) on developing IAHF at HKIA for handling sea-air transshipment cargo to / from the upstream HKIA Logistics Park (HKIALP) in Dongguan at the airside of HKIA. The export cargo from the Mainland completed with security screening, palletisation and cargo acceptance upstream will be transported seamlessly to HKIA for transshipment to overseas destinations through Hong Kong's international aviation network. Similarly, international cargo can also be imported into the Mainland through the reverse process. Since December 2021, the Department has been collaborating progressively with AAHK to launch the trial scheme of IAHF for the purpose of testing and establishing operational procedures.



Unloading of air-sea transshipment cargoes from a vessel to the Intermodal Air Cargo Handling Facility.

To enhance clearance facilitation, the Department introduces the "Sea-Air One Stop Clearance" mode, whereby import and export clearance of the intermodal cargo will be handled in one go at HKIA. Other key features of the control regime include advance electronic submission of cargo data for Customs profiling and implementation of "closed-loop" control on the cargo by means of seals, GPS monitoring and CCTV surveillance.

Starting from January 2023, AAHK implemented the full launch of trial scheme with upstream cargo acceptance in HKIALP in Dongguan. The Department has fully facilitated the scheme with effective Customs clearance and control.

In light of future development, C&ED plans to reinforce the intermodal operations with a view to fully utilising the infrastructure and transport network of Hong Kong International Airport and the Hong Kong-Zhuhai-Macao Bridge and to leveraging Hong Kong's strengths in handling high-value goods to promote the development of high-end and high value-added logistics services, such as the processing of cold chain goods, fresh food and pharmaceuticals. The Department is in high gear to explore a pilot scheme for developing a dedicated express route for air-land fresh and live products and will initiate a study and discussion with the Mainland Customs.

# 11.

# HUMAN RESOURCES DEVELOPMENT

**THE** Administration and Human Resource Development Branch is responsible for organising and co-ordinating training and development programmes for members of the Customs and Excise Service and of the Trade Controls Officer Grade, enhancing their awareness of national security and integrity, as well as promoting welfare and occupational safety and health related issues. To equip Customs officers with advanced professional knowledge and skills for continuous career development, C&ED makes significant efforts in staff training and development by adopting a competency-based strategy supplemented by personal development programmes for individual staff.



## Foundation Learning and Development

Human resources are the most valuable assets in an organisation. To allow new recruits a firm grasp of practical work knowledge and skills, Hong Kong Customs College (HKCC) has been providing high quality foundation training by proactively upgrading instructors' qualifications, teaching facilities and materials, and course syllabuses.

In addition to the Chinese Constitution, the Basic Law and the National Security Law, Laws of Hong Kong, Chinese-style foot drill, discipline and integrity, a diverse mix of knowledge (e.g. Chinese history, national education, import and export trade practices, leadership, use of force and Putonghua) has been incorporated into the induction training for both newly recruited Inspectors and Customs Officers. To familiarise trainees with their working environment, practical training with simulated and interactive exercises have been introduced. During the pandemic in 2022, HKCC adopted flexible and diversified training methods such as online training and small group tutorials to ensure the continuity of training. After the pandemic, a week-long visit to the Shanghai Customs College in March 2023 was arranged for Inspector trainees, in order to foster connection with the motherland and deepen their understanding of its development.



Physical Fitness Training

HKCC passed the professional assessment by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications for accreditation of the Passenger Processing Course and Cargo Processing Course at QF Level 4 (the same QF level as a local Associate Degree or a Higher Diploma). 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 2022, 86 probationers were awarded "Professional Certificate in Customs Control and Enforcement (Passenger Clearance)"; 97 probationers were awarded "Professional Certificate in Customs Control and Enforcement (Cargo Clearance)"; 66 Probationary Customs Officers were awarded "Professional Diploma in Customs Operations for Customs Officers". Meanwhile, 44 Probationary Inspectors and 79 Probationary Customs Officers joined the Inspector Induction Course and Customs Officer Induction Course respectively in 2022, and were awarded "Professional Diploma in Customs Management for Inspectors" and "Professional Diploma in Customs Operations for Customs Officers" respectively in 2023.



Firearms Training



Content



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

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 concepts of criminology, sociology and psychology delivered by university lecturers, 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.

C&ED attaches great importance to quality training and professionalism for all grades of law enforcement staff. The Assistant Trade Controls Officer Induction Course (ATCOIC) aims at imparting the fundamental knowledge asked of a newly recruited Assistant Trade Controls Officer (ATCO), the functional knowledge required of 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 2022, 17 probationary ATCOs were awarded the “Professional Diploma in Trade Controls for Assistant Trade Controls Officer” at QF Level 5.



On 1 July 2022, Customs and Excise Guards of Honour participated in the "Flag Raising Ceremony to celebrate the 25th Anniversary of the Establishment of the Hong Kong Special Administrative Region of the People's Republic of China".

## HKCC Professional Development Training Block (PDTB)

PDTB provides a venue for conducting practical and simulated exercises in the induction training for new recruits and vocational training for serving members. The major facilities in PDTB include vehicle search cum cargo examination area, passenger clearance channels, mock bilge, simulated shooting range, video interview room, identification parade room, mock court and mock residential unit. To facilitate learning by new recruits, an innovative learning tool “Cave automatic virtual environment” will be launched at the PDTB, leveraging the latest Virtual Reality training technologies in the first quarter of 2023.

Professional Development Training Block



## Personal Development of Staff

C&ED adopts a schematic approach in training senior and middle managers. In 2022, seven senior officers were sent to attend leadership development programme organised by the Civil Service College. To further enhance the leadership and management competence of the managers, 15 senior officers attended the Customs Management Development Course organised by the Department. Besides, the Office of Training and Development (OTD) organised a Customs Command Course (CCC), aiming to equip officers with skills and knowledge on work planning and modern management. A total of 22 officers participated in the course.

To train up middle managers by strengthening their national identity awareness, professional knowledge of politics, economics, public administration, public policies, etc., C&ED sent three officers to attend a 2.5-year part-time Executive Master of Public Administration Programme organised by the Tsinghua University in 2022.

C&ED is dedicated to enhancing Service members' enforcement knowledge and providing them with articulation pathways for Bachelor's Degree Programmes. OTD collaborates with HKMU for launching a one-year part-time Bridging Course, "Certificate in Law Enforcement and Customs Management". A total of 27 officers successfully graduated from the course in 2022. 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).



A lecture on team building and personal breakthrough was provided in CCC.



C&ED has also collaborated with the Hong Kong Police Force (HKPF) and arranged officers to attend Standard Criminal Investigation Course (SCIC) and Criminal Intelligence Analysis Training (CIAT) organised by the HKPF. The courses aim to equip participants with knowledge and skills necessary for criminal investigation and criminal intelligence analysis. In 2022, a total of eight officers took the courses.

## 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 47 e-Learning programmes through the Cyber Learning Centre Plus, encompassing topics related to operational skills, communication, legal knowledge, integrity, constitution and national security.

To encourage continuous learning, C&ED also sponsors officers to pursue part-time Master Degree Programmes related to Criminology, Public Administration and Big Data Analytics. As a driving force for continuous development, C&ED also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers to maintain professionalism.



The then Staff Officer (Training Development) of OTD, Mr. Eddie LAI, encouraged colleagues at the opening of the first part-time “Certificate in Law Enforcement and Customs Management” course.

## Specialised Training

Customs officers often face unpredictable risks and challenges while carrying out enforcement duties. OTD provides a number of specialised training courses to frontline officers to raise their awareness on safety and the proper use of force, and to strengthen their raiding and apprehension techniques. Besides, to effectively combat organised crimes, a number of courses are provided to enhance the officers' skills in investigation and operation planning.



○ ——— Customs officers during training on raiding techniques and tactics.

## Training on Criminal Prosecution

For successful prosecution in criminal cases, the Service Prosecution Group organises a vast 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.

## National Affairs and National Security

C&ED attaches great importance to the study of the important speech delivered by President XI Jinping at the celebration of the 25th anniversary of Hong Kong's return to the motherland and the spirit of the 20th National Congress, and is dedicated to fully implementing the essence at the working and development levels. The Department has established a comprehensive training network, comprising three tiers of training and three different modes of learning. Through diverse, orderly and all-encompassing training programmes, officers can deepen their knowledge, understanding and comprehension of President XI's important speech, and the spirit of the 20th National Congress, and integrate the learning into their work targets, actions and attitudes.

C&ED has incorporated topics such as the Constitution, Basic Law and National Security Law into the Induction Courses as compulsory subjects for newly recruited Inspectors, Customs Officers and Assistant Trade Control Officers, in order to deepen their 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. C&ED has also appointed a scholar who is well acquainted with the Constitution and the Basic Law as honorable advisor to provide expert advice for the Department. HKCC also closely co-operates with the Civil Service College in providing suitable courses and e-learning resources for all ranks of officers to ensure that they have a clear understanding of their responsibility of safeguarding national security. To enhance officers' understanding of constitutional order and National Security, HKCC launched an online assessment in March 2022 and officers at all levels passed the assessment.



Professor of the Chinese Academy of Governance, Professor DING Yuanzhu, conducted an online seminar on the spirit of the 20th National Congress for participants of Customs Middle Management Development Course.



HKCC set up a National Security Education Section at the Teaching Resource Centre to provide diversified learning resources.



Lecture on the National Security Law

**海關新聞**  
CUSTOMS NEWS  
www.customs.gov.hk  
2022年12月

**鞏固誠信文化**  
為慶祝二十二年入關的誠信管理發展，在原有「信譽誠信管理獎賞」和「誠信管理獎賞」基礎上，新增「誠信管理獎賞」和「誠信管理獎賞」，新增「誠信管理獎賞」和「誠信管理獎賞」，新增「誠信管理獎賞」和「誠信管理獎賞」。

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**2. 多元化誠信培訓**  
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**3. 衷心參與誠信構建**  
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**4. 善用網上資源推廣誠信**  
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誠信管理獎賞

**樂韻悠揚 顯「關」心**  
高級督察 王國權  
高級督察 王國權  
高級督察 王國權

**廉政公署專題講座**  
廉政公署專題講座  
廉政公署專題講座

**海關新聞**  
CUSTOMS NEWS  
www.customs.gov.hk  
2022年12月

**海關陸運會健兒 重回賽道**  
重回賽道  
重回賽道  
重回賽道

**以龍獅凝聚同儕 傳承國粹**  
以龍獅凝聚同儕  
以龍獅凝聚同儕  
以龍獅凝聚同儕

**體康會年度周年大會 回顧·躍進 2023**  
體康會年度周年大會  
體康會年度周年大會  
體康會年度周年大會

**強化誠信管理**  
強化誠信管理  
強化誠信管理  
強化誠信管理

Customs News

# Promotion of Staff Integrity and Healthy Lifestyle

C&ED is committed to maintaining a responsible and reliable workforce. Through the development of a number of educational and promotional efforts on staff integrity and healthy lifestyle, the workplace culture of professionalism and probity has been enhanced.

To boost the effectiveness of integrity management, the Integrity Management Group (IMG) has produced training materials for use by Formation Integrity Management Committees in holding quarterly integrity training sessions, and has launched a video training series titled "Customs Message" to deliver the message of probity through everyday life episodes. In order to remind staff to abide by pertinent regulations and guidelines when using social media in expressing opinions, "Customs Bulletin" is also published. Furthermore, beginning from the fourth quarter of 2022, a tailor-made "Thematic Integrity Management Train-the-Trainer Workshop" has been arranged for supervisory staff in charge of training in respective formations so as to get them acquainted with the latest integrity management strategies and initiatives.

To strengthen the core value of probity among departmental staff, a variety of integrity building activities including slogan competition, quiz, bookmark design competition, e-sticker creation competition and photography competition are held by C&ED.

On the publicity front, the departmental newsletter, "Customs News", continues to instill the concept of healthy lifestyle in its staff and feature updates on C&ED's integrity management, including related training programmes and promotional activities.



## Promotion of Occupational Safety and Health (OSH)

C&ED has been making strenuous efforts to ensure workplace safety and to raise staff awareness of OSH. The Occupational Safety and Health Steering Committee, chaired by Assistant Commissioner (Administration and Human Resource Development) formulates policies in respect of OSH in the Department. In addition, an Occupational Safety Working Group and a Health and Welfare Working Group have been set up under the auspices of the Steering Committee to co-ordinate the promotion of occupational safety and implementation of work safety measures, promote occupational health and strengthen the provision of welfare assistance. In 2022, 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 and assisting various formations in reviewing and formulating in-house safety guidelines.

The efforts made by the Ports and Maritime Command (PMC) Safety and Health Committee in strengthening co-operation between the management and frontline staff, and in promoting, developing and carrying out measures to ensure the safety and health of all officers, are particularly noteworthy. It also organises activities from time to time to promote OSH awareness in PMC.

**港口及海域科  
員工職安健推廣建議書計劃比賽**

目的：推廣及提高職業安全及健康意識

比賽形式：同事可以就本科各工作範疇提出有關職安健的優化建議，並以中或英文建議書提交。建議書內容不超過300字，插圖或相片不超過6張。

參賽資格：港口及海域科各職系人員可以個人或團體名義提交建議書一份。

遞交方法：請將建議書放入公文袋並封存妥當。公文袋封面請註明「員工職安健推廣建議書計劃比賽」，並寫上姓名、職級及職員編號。於截止日期下午6時前送達。

評審團：港口及海域科總指揮官、港口管制課監督、海域行動課監督及本科各小組指揮官。

截止日期：2023年3月10日(逾期提交恕不受理)

比賽結果公布日期：容後通知

Different activities were held from time to time by C&ED to promote OSH awareness.

## Welfare, Sports and Recreation

Due to COVID-19 and the need to comply with the corresponding social distancing measures and prohibition on group gathering, most of the sports and recreation activities of the C&ED Sports and Recreation Club were temporarily suspended in 2022.

To give closer attention to staff welfare needs and to promote a caring culture among its staff, C&ED has established a health and welfare management system. In 2022, 110 officers were 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 do their work properly. In addition to conducting regular 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 has also commissioned the Christian Family Service Centre to provide counselling services for individual officers and their family members, including a 24-hour counselling and consultation hotline and face-to-face counselling by professional social workers. The agency and other non-governmental social welfare organisations also provide 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.

**香港海關**  
Customs and Excise Department

**24**小時輔導及諮詢熱線  
hour counseling and 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 members

服務範圍 Service Coverage	服務形式 Form of Service
<ul style="list-style-type: none"> <li>工作 Work-related</li> <li>家庭 Family</li> <li>人際 Social</li> <li>個人 Personal</li> </ul>	<ul style="list-style-type: none"> <li>輔導及諮詢熱線 Hotline Service</li> <li>面談輔導 Face-to-face Interview</li> <li>臨床心理服務 Clinical Psychological Service</li> </ul>

**服務時間 Service Hours\***

星期一至五：上午 9:00 — 下午 17:30 Monday to Friday : 09:00 am — 17:30	星期六：上午 9:00 — 下午 12:30 Saturday : 09:00 am — 12:30 pm	公眾假期除外* Except public holidays*
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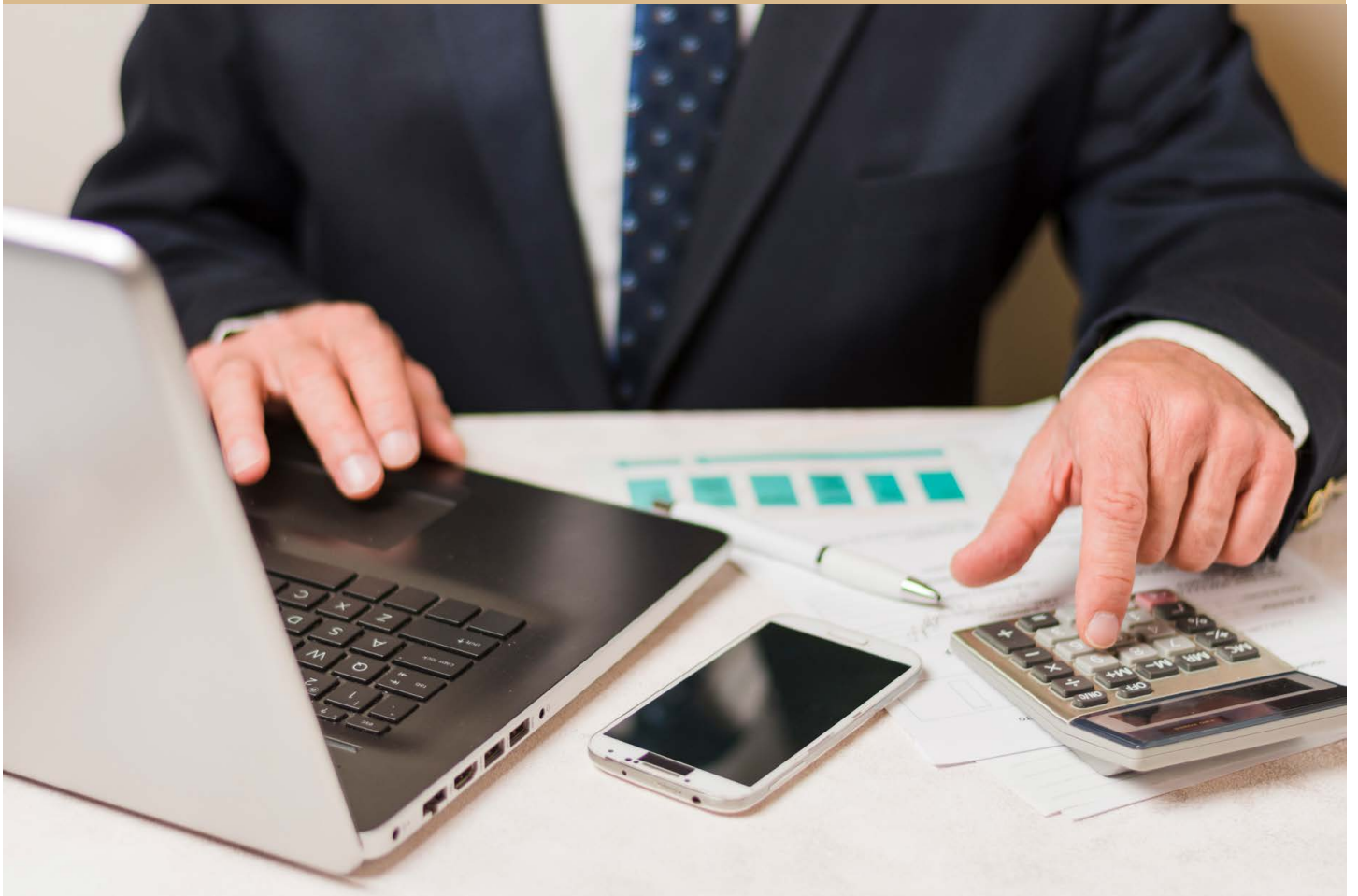
在非服務時間或熱線繁忙時，熱線會由備用台接聽或轉接專員回覆。  
Outside Service hours or when the hotline is engaged, calls will be answered by paging service and counsellor will return call shortly.

談話內容 絕對保密  
Conversations will be kept in strict confidence

C&ED organises welfare visits and provides 24-hour Counselling and Consultation Hotline service for staff members.

# 12.

# ADMINISTRATION AND FINANCE



**THE** Office of Departmental Administration of the Administration and Human Resource Development Branch is responsible for the general administration, personnel management, establishment control, and provision of translation service whilst the Office of Financial Administration performs the functions of finance management, supplies stores as well as management of seizure.

Content



## ○ Administration

C&ED had the following major establishment changes in 2022 -

### Setting up of the Office of Trade Relations and Public Communication (OTPC)

OTPC was established under the Excise and Strategic Branch through restructuring on 17 January 2022 for developing and managing both the Hong Kong Authorized Economic Operator Programme as well as the Department's social media platforms. The establishment of OTPC involves 24 posts.

### Setting up of the Dealers in Precious Metals and Stones Supervision Bureau (DPSB)

DPSB was established under the Intelligence and Investigation Branch on 5 December 2022 to provide necessary manpower for manning the dealers in precious metals and stones registration regime, for the purposes of anti-money laundering and counter-financing of terrorism. The total establishment of DPSB will gradually increase to 72 posts by phases.

DPSB was established on 5 December 2022.



## Finance

### Revenue

C&ED collected \$12.479 billion of revenue in 2022-23, representing a decrease of 4.5 per cent over that in 2021-22. The decrease was mainly attributable to the decrease in revenue collection from hydrocarbon oils.

A summary of the revenue collected in 2021-22 and 2022-23 is at Appendix 7.



2022-23 revenue

**\$12.479 billion**

### Expenditure

The total expenditure of C&ED in 2022-23 was \$5.467 billion, representing an increase of 5.7 per cent over that in 2021-22. The increase was mainly due to the increase of personal emoluments arising from civil service pay adjustment; expenditure incurred by anti-epidemic measures; increase in operating expenses and cash flow requirement for capital projects.

A summary of the total expenditure in 2021-22 and 2022-23 is at Appendix 8.



2022-23 expenditure

**\$5.467 billion**

## Seizure Management

The provision of service for the storage and disposal of seized goods is one of the major tasks of C&ED. In 2022-23, 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 9 302 cubic metres.

Upon completion of all legal proceedings concerning the confiscated goods, C&ED will dispose of the goods in accordance with the Stores and Procurement Regulations. The disposal means, which include destruction and public auction, will depend on the types and nature of the confiscated goods. About 48 073 items of confiscated goods, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, precious metals, vessels and vehicles were disposed of in 2022-23. The income arising from the Government's disposal of confiscated goods will go to the Treasury as revenue.

# 13.

# COMMUNITY AND YOUTH



**CUSTOMS** officers are committed to their work, and also keen to contribute to society by engaging in all kinds of charity service in their spare time. Besides, C&ED has introduced a youth programme “Customs YES” to foster young people’s positive values, law-abiding spirit as well as a sense of belonging to society and country through a diversified array of education-oriented activities.

Content

## Anti-epidemic Work

C&ED 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. In 2022, C&ED's Anti-epidemic Team joined the Home Visit Team, Contact Tracing Team, Isolation Order Team and Wristband Team, managed the Community Isolation Facilities (CIF) and participated in operations under the "Restriction-testing Declaration", with a view to combating the epidemic together with other colleagues across departments. Besides, the C&ED Volunteer Team, comprised of both serving and retired officers, actively took part in the anti-epidemic work to serve the community.



Customs officers at the Contact Tracing Office discussed and followed up confirmed cases.

## Home Visit Team

During the epidemic, Hong Kong residents arriving from the Mainland, Macao or Taiwan could opt for home isolation to undergo the compulsory quarantine. Besides, amid the 5th wave of the COVID-19 epidemic since early 2022, household members and close contacts of confirmed patients were required to undergo compulsory quarantine at home pursuant to the quarantine/isolation order issued by the Department of Health (DH). The Home Visit Team assisted the DH in conducting spot checks on individuals who were put under home quarantine to ensure no one breached the quarantine order. In 2022, the Home Visit Team conducted over 7 500 spot checks.

## Contact Tracing Team

To prevent the spread of the virus in the community, the Contact Tracing Team made great effort in assisting the Centre for Health Protection of DH to trace confirmed cases so as to locate the places the patients previously visited and their close contacts. From January to December in 2022, around 140 Customs officers provided support to the contact tracing work at the Contact Tracing Offices located at Kai Tak, Mong Kok, San Po Kong and Kowloon Bay, handling more than 145 800 confirmed cases and tracing over 59 500 close contacts.

## Isolation Order Team and Wristband Team

To suppress the spread of the COVID-19 epidemic in the community more effectively, C&ED formed the Isolation Order Team and the Wristband Team in March and July 2022 respectively to assist the Government in carrying out various anti-epidemic measures. In March 2022, 43 Customs officers were deployed to escort confirmed patients issued with Isolation Orders by the DH to CIF for quarantine, and handled over 140 confirmed patients. In July 2022, C&ED also assisted the Office of the Government Chief Information Officer (OGCIO) by deploying 100 Customs officers to visit confirmed patients at their dwelling places to help them put on electronic wristbands and install the “StayHomeSafe” mobile app, ensuring their compliance with the isolation requirements under the law and reducing the risk of spreading infection in the community. During the operation, C&ED handled over 1 400 confirmed patients in total.



Customs officers dressed in full personal protective gear when escorting confirmed patients to CIF for quarantine to safeguard the health and safety of confirmed patients as well as their own.



A Customs officer helped a confirmed patient under home quarantine install the “StayHomeSafe” mobile app.

## Community Isolation Facility (CIF)

In response to the surge of confirmed cases since February 2022, with the full support from the Central People's Government, the Government of the Hong Kong Special Administrative Region commenced the construction of Community Isolation Facilities (CIF) at various sites in Hong Kong to provide more quarantine facilities for confirmed patients.

From March to May in 2022, C&ED assisted the Security Bureau in coordinating and managing CIF for admitting confirmed patients. A total of around 760 Customs officers (560 serving Customs officers and 200 retired Customs officers) were deployed to manage the daily operation of the facilities, such as admitting individuals for quarantine, arranging anti-epidemic supplies and meals, providing 24-hour telephone hotline services and coordinating with other participating government departments. During this period, quarantine and isolation services were provided for 4 350 individuals in Tsing Yi CIF and Yuen Long Tam Mei CIF.

From August to December in 2022, 66 Customs retirees were employed to assist the Security Bureau in operating the Kai Tak CIF and Penny's Bay CIF to provide quarantine and isolation services for over 6 800 individuals.



The Commissioner of Customs and Excise, Ms. Louise HO (second left), visited the Yuen Long Tam Mei CIF in March 2022 to show support to colleagues managing the CIF.



Customs officers were responsible for the preparatory work and operation of the Yuen Long Tam Mei CIF.

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The C&ED volunteers actively participated in volunteer services organised by the Suicide Prevention Services to extend love and care to those in need in the community.

## C&ED Volunteer Team

In addition to the above-mentioned teams, a group of serving staff and retirees continued to support the anti-epidemic work, and actively engage in voluntary services to show they care for society. Fearless of the epidemic risk, they were at the forefront to provide voluntary services, such as assisting in the COVID-19 vaccination programme for the elderly at residential care homes and distributing anti-epidemic supplies to those in need in the community. From January to December in 2022, over 1 300 headcounts of volunteers from the Customs Volunteer Team and Hong Kong Disciplined Services Volunteer Team (Customs Unit) participated in volunteer work.



The C&ED Volunteer Team delivered the wrapped Christmas gifts to different social welfare organisations to extend warmth and joy of Christmas to those in need.



The C&ED Volunteer Team and “Helping Hand” jointly organised a cookie campaign, with the aim of raising funds to provide elderly services at the residential care homes of “Helping Hand”. The fundraising campaign received overwhelming support from Customs colleagues.





The C&ED Volunteer Team participated in "Together We Care 2022" organised by the Hong Kong Elite Athletes Association by packing gift bags together and delivering them to the homes of elderly living alone and low-income families.



The Hong Kong Disciplined Services Volunteer Team (Customs Unit) visited and delivered vegetarian meals and anti-epidemic items to the elderly in various districts in Hong Kong in collaboration with an eatery on many occasions in 2022.



The C&E Band performed at the "Together We Prosper" Grand Parade by disciplined services and youth groups to celebrate the 73rd Anniversary of the Founding of the People's Republic of China and the 25th Anniversary of the Establishment of the HKSAR in September 2022.

## Customs and Excise Band

The C&E Band is formed by a group of colleagues from different grades who are passionate about music. It aims to promote the interest of music amongst its members and provide professional band services for the Department's official and social functions.

Following the gradual resumption to normalcy in society, the C&E Band participated in a total of five performances in 2022, including inter-departmental events, departmental functions and community celebrations.

## Customs and Excise Pop Band

The C&E Pop Band is formed by a group of Customs colleagues who have passions for popular music and band culture. Its mission is to promote music exchange and the culture of bands. In addition to popular music, the pop band also explores different music styles such as jazz or rock.

The Pop Band hopes to create a platform that brings colleagues who are interested in singing or playing musical instruments together. Through organising and participating in various music activities, they aim to showcase diverse musical performances, while fostering friendships among colleagues and enhancing unity and the Department's image.



The C&E Pop Band was performing in C&ED singing contest.

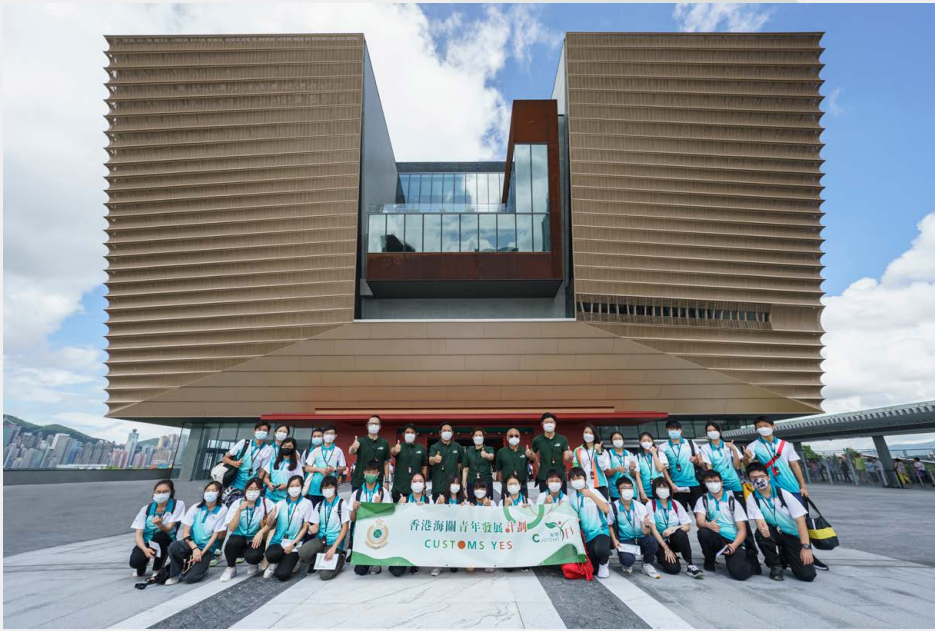
## Customs YES

The Department introduced a new youth programme “Customs YES” in January 2021 to foster young people’s positive values, law-abiding spirit as well as a sense of belonging to society and country through a diversified array of education-oriented activities. As at the end of December 2022, over 3 200 individual members between 12 and 24 years of age and 44 organisation members (including schools and non-governmental organisations) were recruited.

The activities of the Customs YES embrace four “C”s, namely “Calibre”; “Customs”; “Community” and “Country”. Apart from helping young people enhance self-understanding, develop multi-intellectual potentials and build up a positive outlook on life, the programme also aims to deepen their understanding of C&ED’s work, and nurture their sense of social belonging, national awareness and patriotism through a variety of activities covering personal development, knowledge of Customs work, career planning, community services and national education. In 2022, the Customs YES organised over 150 activities with a total attendance over 3 000.



Activity under “Calibre”- Water Sports Adventure Day Camp



Activity under “Country”- Visit to the Hong Kong Palace Museum

Among them, the “Summer Internship Programme 2022” offered over 80 internship positions in different formations of C&ED as well as other Customs’ business counterparts, providing youth members with opportunities of gaining job experience to kick-start their career planning.

A Customs YES member was offered a taste of work in the transport and logistics industry through the internship opportunity provided by the “Summer Internship Programme 2022”.



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C&ED also formed a new youth uniformed group named “Customs Youth Leader Corps” under the framework of Customs YES, which aims at boosting members’ self-confidence, team spirits and leadership skills through Chinese-style footdrill training, disciplinary training, regular assemblies and various diversified activities, thereby nurturing them into distinguished youth leaders of the community. As at the end of December in 2022, the Customs Youth Leader Corps had around 400 members.

In addition, the “Executive Committee of Customs YES”, comprising community leaders from different sectors, was set up to give valuable opinions on the sustainable development and campaign strategies of Customs YES.



The Secretary for Security, Mr. Tang Ping-keung, inspected a Chinese-style foot drill performed by 85 members who had completed the training.



Members of Customs Youth Leader Corps attended the Flag Raising Ceremony to Commemorate the 40th Anniversary of the Constitution.

## Law Enforcement Torch Run for Special Olympics Hong Kong

Over 400 staff members of C&ED participated in the Law Enforcement Torch Run for Special Olympics (Torch Run), an annual event organised by the Special Olympics Hong Kong to raise funds for supporting athletes with intellectual disabilities to take part in the Special Olympics Games worldwide. Due to the epidemic, participants of the Torch Run were allowed to complete a 3.5 km route of their choice between 25 September and 24 November 2022. The directorates of the Department took the lead to join the torch run and appealed to colleagues for their active participation. Apart from raising a total of more than HKD\$650,000 donation, C&ED also made a video clip featuring the running scenes of participating colleagues and uploaded the video to the departmental social media platforms for promoting healthy lifestyle and demonstrating the Department's endeavors and enthusiasm in charity.



The Commissioner of Customs and Excise Ms. Louise HO (left) passed the “Flame of Hope” torch to the Deputy Commissioner (Control and Enforcement) Mr. CHAN Tsz-tat (right) in the kick-off ceremony of the Torch Run to symbolise the passing of Special Olympics spirit to the athletes of C&ED.

## Elite Athlete Charitable Trust (EACT) Jockey Club Active School Programme – Experience Day in C&ED

EACT Jockey Club Active School Programme, with school students as targets, 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 the engagement and bond with the community, the C&ED Sports and Recreation Club organised an Experience Day in partnership with the Hong Kong Elite Athletes Association. More than 80 students from five secondary schools participated in the Experience Day, which was held on 30 July 2022 at the Hong Kong Customs College. The students took part in strategic simulated shooting practice, as well as training on lion dance and its musical instruments. The youngsters not only enjoyed the fun of sports but also had a taste of C&ED's training life, which helped strengthen their confidence, discipline and team spirit. With the launch of the Experience Day and interaction with youngsters, C&ED contributed to the building of a caring, harmonious and vibrant society for the healthy growth of the young generation.



Youngsters' sense of rhythm was enhanced through the lion dance musical instruments training.



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



○ **14.**

# **APPENDICES**

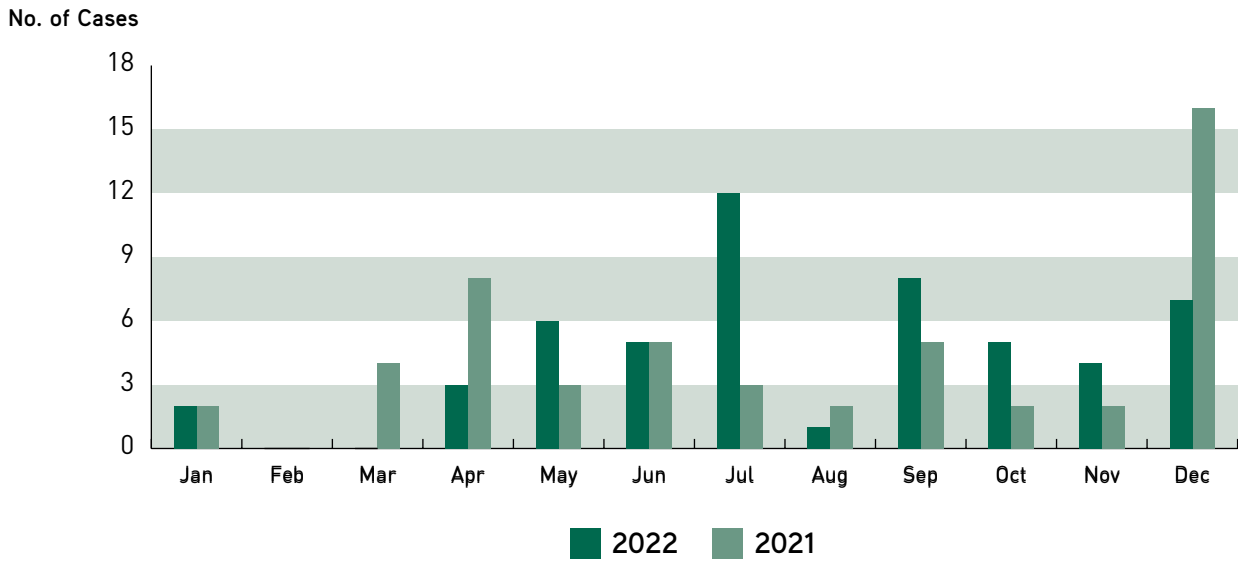
Content

## ○ Establishment and Strength Position

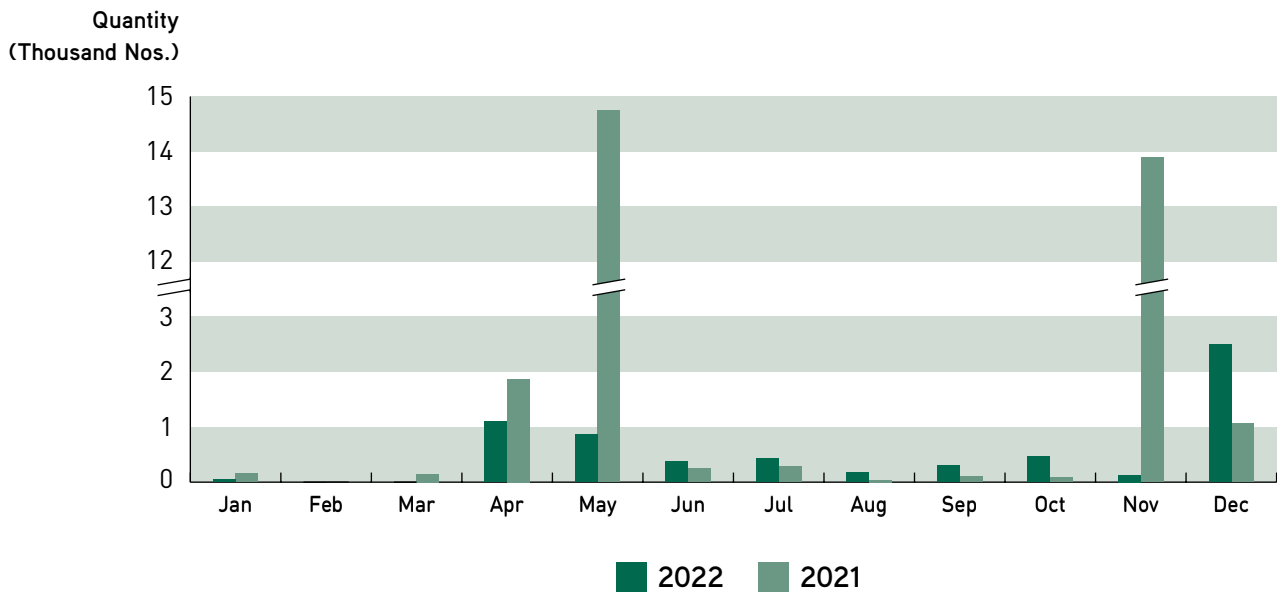
Category/Grade	2021 (as at 31 December 2021)		2022 (as at 31 December 2022)	
	Establishment (No.)	Strength (No.)	Establishment (No.)	Strength (No.)
<b>Directorate Posts</b>	9	7	10	9
<b>Sub-total</b>	9	7	10	9
<b>Departmental Grades</b>				
<b>Superintendent/Inspector of Customs and Excise Grades</b>	1 157	1 091	1 159	1 084
<b>Customs Officer Grade</b>	5 019	4 905	5 000	4 757
<b>Trade Controls Officer Grade</b>	533	476	535	455
<b>Sub-total</b>	6 709	6 472	6 694	6 296
<b>General and Common Grades</b>				
<b>Executive Officer/Training Officer Grades</b>	32	31	33	32
<b>Treasury Accountant/ Accounting Officer Grades</b>	18	18	19	19
<b>Official Languages Officer/ Calligraphist Grades</b>	19	19	19	16
<b>Statistician/Statistical Officer Grades</b>	5	5	5	5
<b>Secretarial Grades</b>	38	38	39	36
<b>Clerical Grades</b>	297	277	292	265
<b>Supplies Grades</b>	60	61	60	60
<b>Others</b>	214	196	215	195
<b>Sub-total</b>	683	645	682	628
<b>Total</b>	<b>7 401</b>	<b>7 124</b>	<b>7 386</b>	<b>6 933</b>

## ○ Statistics on Infringing Cases

No. of Infringing Cases (2022 vs 2021)

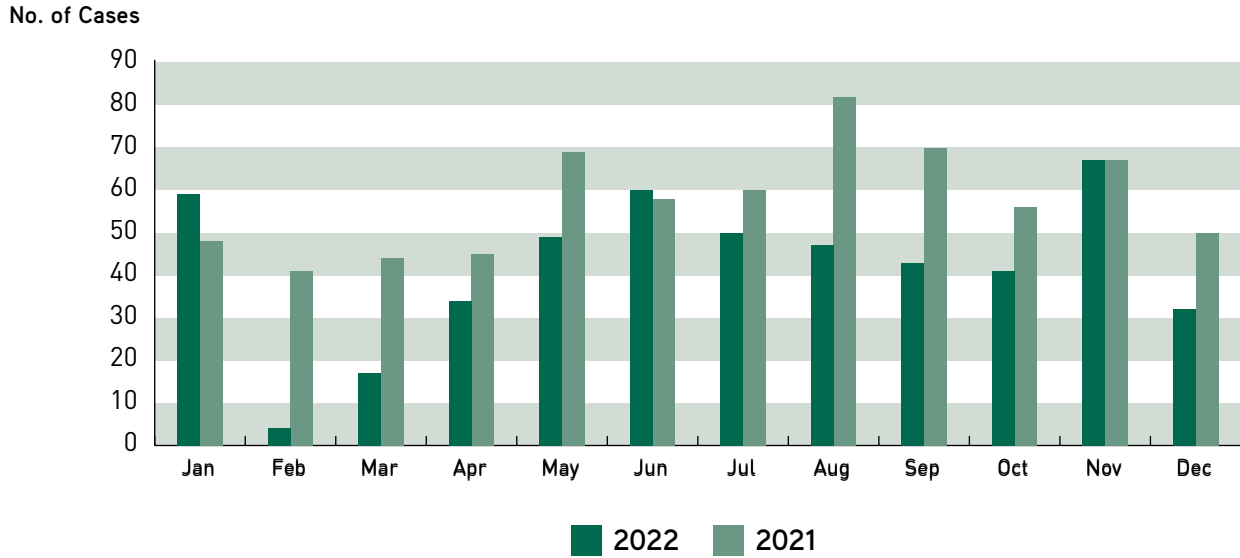


Quantity of Infringing Articles Seized (2022 vs 2021)

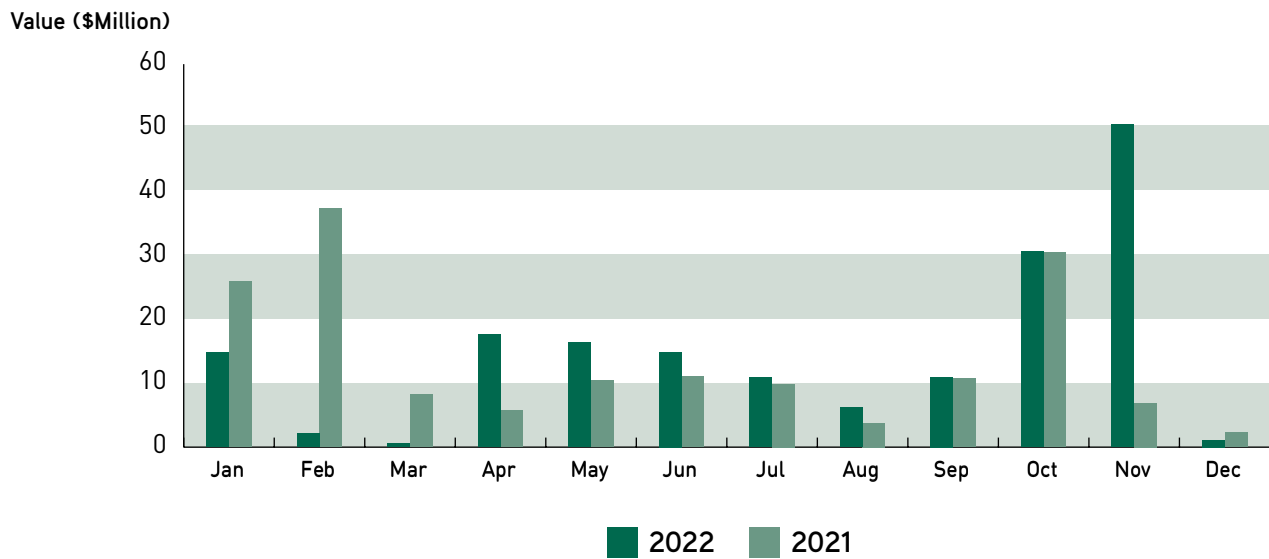


## ○ Statistics on Forged Trademark Cases

No. of Forged Trademark Cases (2022 vs 2021)

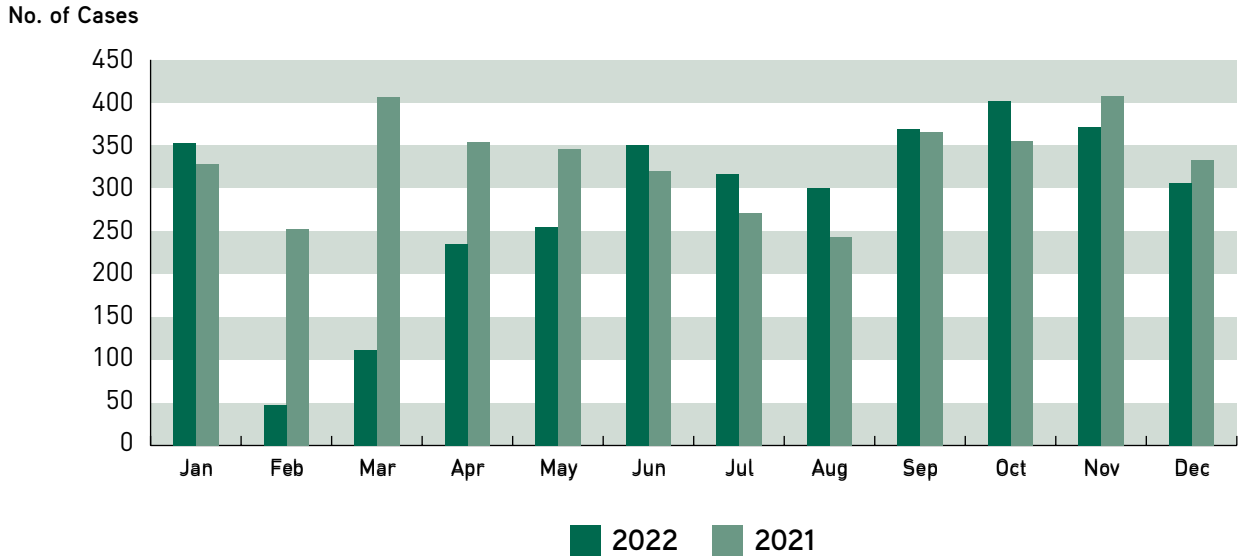


Value of Forged Trademark Goods Seized (2022 vs 2021)

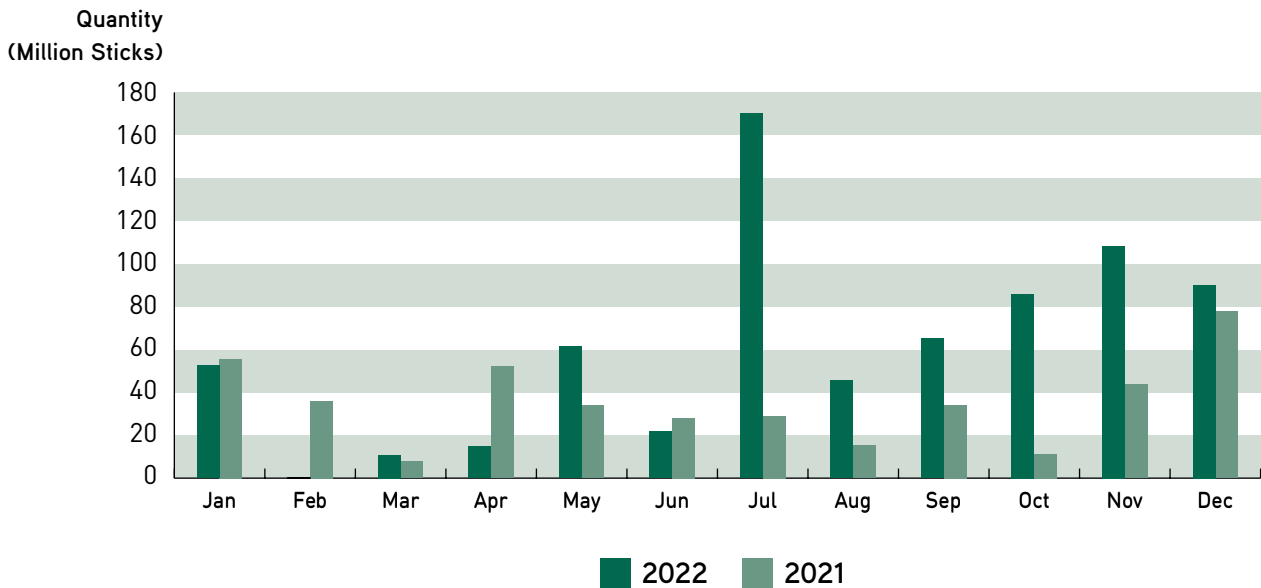


## ○ Result of Anti-cigarette Smuggling Operations

No. of Cigarette Smuggling Cases (2022 vs 2021)

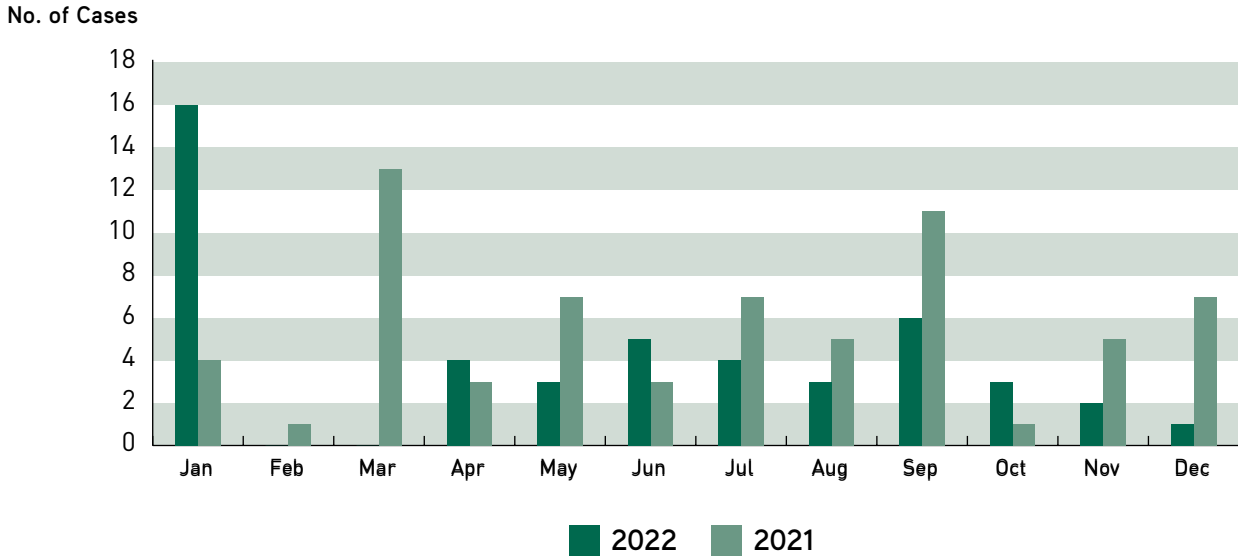


Quantity of Smuggled Cigarettes Seized (2022 vs 2021)

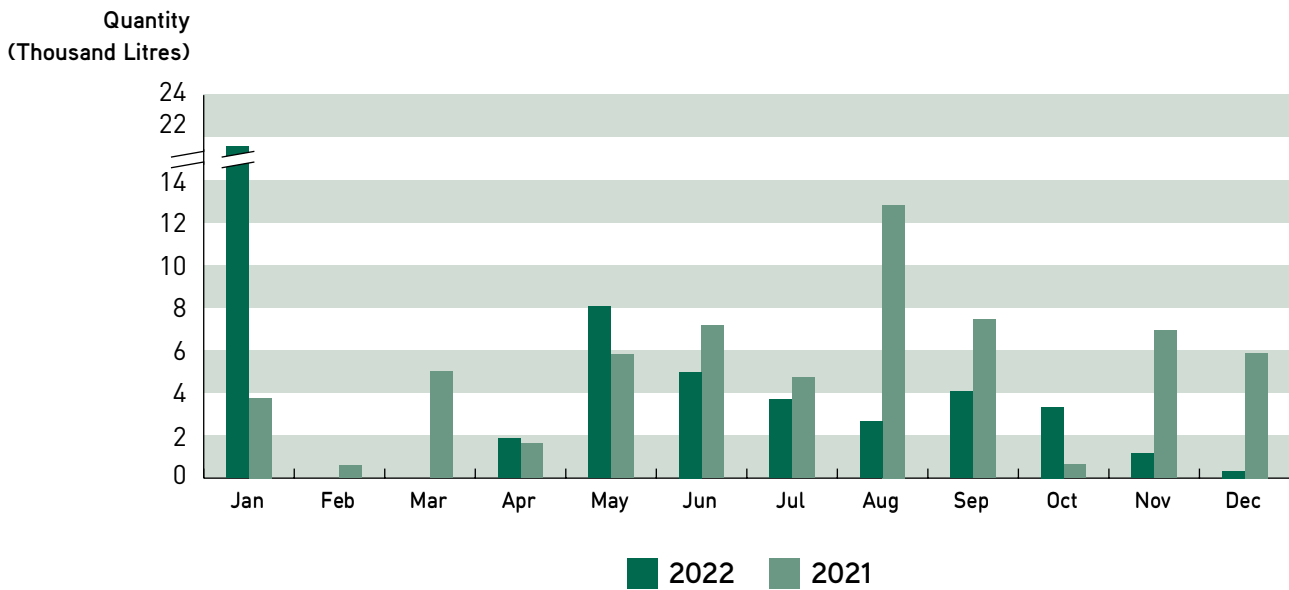


## ○ Result of Hydrocarbon Oil Enforcement Operations

No. of Hydrocarbon Oil Cases (2022 vs 2021)



Quantity of Hydrocarbon Oil Seized (2022 vs 2021)



## ○ 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

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

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



## ○ Actual revenue for 2021-22 and 2022-23

	Actual Revenue	
	2021-22	2022-23
	HK\$'000	HK\$'000
<b>Duties</b>		
Hydrocarbon oils	3,842,940	3,329,496
Tobacco	7,902,172	7,931,480
Alcoholic Beverages	714,499	714,515
Other Alcoholic Products	7,712	6,560
<b>Subtotal</b>	<b>12,467,323</b>	<b>11,982,051</b>
<b>Fees charged under Dutiable Commodities Ordinance</b>		
Licence Fees	6,112	6,806
Attendance Fees	505	181
Denaturing Fees	240	233
Storage Fees	0	3
<b>Subtotal</b>	<b>6,857</b>	<b>7,223</b>
<b>Trade Declaration Charges</b>		
Imports and Exports Declaration Charges	477,724	376,026
Clothing Levy Service Charges (see Note)	57	50
Penalties	64,088	54,783
<b>Subtotal</b>	<b>541,869</b>	<b>430,859</b>
<b>Miscellaneous</b>	48,611	59,329
<b>Total</b>	<b>13,064,660</b>	<b>12,479,462</b>

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

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## ○ Actual expenditure for 2021-22 and 2022-23

	Actual Expenditure	
	2021-22	2022-23
	HK\$'000	HK\$'000
<b>Operating Account</b>		
<b>Personal Emoluments</b>		
Salaries	3,459,116	3,582,669
Allowances	117,184	99,767
Job-related allowances	30,243	36,248
	<b>Subtotal</b>	<b>3,606,543</b>
<b>Other Recurrent Expenses</b>		
Personnel related expenses	334,142	369,458
Rewards and special services	15,695	21,741
General departmental expenses	1,040,653	1,137,403
Land usage cost	1	1
Grant to the Customs and Excise Service Welfare Fund	363	356
Seizure management	48,033	65,078
	<b>Subtotal</b>	<b>1,438,887</b>
<b>Capital</b>		
Plant, vehicles and equipment	4,676	32,350
Minor plant, vehicles and equipment	122,779	122,011
	<b>Subtotal</b>	<b>127,455</b>
<b>Total</b>	<b>5,172,885</b>	<b>5,467,082</b>

## ○ 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
<b>All Ordinances *</b>	<b>8 327</b>	<b>5 153</b>	<b>6,384,197</b>

### Content

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

\* 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 (2022)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	4	-	1
Antibiotics	2	4	151
Consumer Goods Safety	27	-	80
Control of Chemicals	3	-	893
Copyright / Prevention of Copyright Piracy	53	72	3,101
Cross-boundary Movement of Physical Currency and BNI	80	85	1,313
Customs & Excise Service	6	10	539
Dangerous Drugs	931	178	3,576,291
Dangerous Goods	1	1	1,212
Drug Trafficking (ROP)	1	3	2
Dutiable Commodities	5 002	2 970	1,812,496
Firearms & Ammunition	19	3	997
Immigration	10	8	85
Import & Export	1 043	246	1,496,363
Merchant Shipping (local vessels)	3	4	3,130
Organized & Serious Crimes	9	20	20,027
Pesticides	4	1	17
Pharmacy & Poisons	100	48	8,497
Plant (Importation & Pest Control)	31	1	138
Prevention of Cruelty to Animals	3	1	2,489
Protection of ES of Animals & Plants	293	150	59,099
Public Health & Municipal Services	204	148	1,836
Public Health (Animals & Birds)	2	-	8
Reserved Commodities	41	2	183
Road Traffic	1	-	202
Shipping and Port Control	1	1	20
Smoking (Public Health)	623	296	50,234
Telecommunication	5	2	2,544
Toys & Children's Products Safety	25	-	5
Trade Descriptions	616	385	188,265
Waste Disposal	33	-	2,046
Weapons	25	4	747
Other Ordinances	109	12	0
<b>All Ordinances *</b>	<b>8 809</b>	<b>4 432</b>	<b>7,146,830</b>

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

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

Content

## Major Seized Items

Ordinance Major Seized Item	2021		2022	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
<b>Dangerous Drugs <sup>(1)</sup></b>				
Heroin (kg)	177.9	222,536	91.6	90,678
Opium (kg)	5.0	588	0.7	83
Cannabis (kg)	773.8	153,953	804.6	153,892
Ketamine (kg)	600.1	339,077	631.0	335,690
Cocaine (kg)	870.2	1,066,432	1 015.9	912,729
Methamphetamine (Ice) (kg)	1 251	739,128	3 134.5	1,895,599
MDMA (Ecstasy) (tablet)	62 712	12,061	5 545	16,930
Synthetic Cathinones (bath salts) (kg)	12.2	1,544	51.1	7,016
Gamma-butyrolactone (GBL) (kg)	45.6	859	3 810.6	2,025
Other Psychotropic Drugs (tablet)	11 573	11,670	205 349	20,109
<b>Dutiable Commodities <sup>(2)</sup></b>				
Cigarette (mille)	427 949	1,177,699	732 671	2,019,107
Other Tobacco (kg)	16 308	62,968	1 727	6,500
Hydrocabon Oil ('000 litre)	62	1,177	53	1,027
Liquor ('000 litre)	64	87,648	77	38,074
<b>Import &amp; Export</b>				
Foodstuff and Drinks <sup>(3)</sup> (tonnes)	211	770,042	510	377,788
Computer and Accessories ('000 no.)	3 396	178,422	10 594	179,371
Electrical and Electronic Goods <sup>(4)</sup> ('000 no.)	9 710	184,482	13 951	154,198
Mobile Phone and Accessories ('000 no.)	1 399	101,475	3 157	100,084
Meat (tonnes)	358	49,795	574	78,984
Pharmaceutical Products ('000 tablet)	10 021	157,348	4 451	71,689
Cosmetic and Beauty ('000 no.)	1 037	376,159	142	40,159

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) May include faux leather.

(6) Exclude sildenafil and antibiotics.

## Major Seized Items

Ordinance Major Seized Item	2021		2022	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
<b>Copyright</b>				
Optical Disc ('000 no.)	27	1,206	1	21
Electrical and Electronic Goods <sup>(4)</sup> ('000 no.)	1	1,190	3	2,865
<b>Forged Trademark (FTM)</b>				
Garment and Accessories ('000 pc)	108	13,349	161	62,132
Mobile Phone and Accessories ('000 no.)	350	52,666	148	33,584
Watch and Parts ('000 no.)	23	10,325	36	28,998
Footwear ('000 pairs)	66	11,224	58	14,783
Electrical and Electronic Goods <sup>(4)</sup> ('000 no.)	70	2,990	46	3,759
Computer & Accessories ('000 no.)	5	726	37	3,653
Leather Goods <sup>(5)</sup> ('000 pc)	32	7,086	2	2,399
<b>Pharmacy &amp; Poisons</b>				
Part I Poisons <sup>(6)</sup> (kg)	76	513	37	27
(litre)	84	19	217	954
('000 tablet)	1 562	52,458	139	2,086
<b>Protection of ES of Animals &amp; Plants</b>				
Wood (kg)	371,285	54,222	20,522	52,356
Shark Fin (kg)	25 646	28,784	1 278	808
Totoaba, Parts or Specimen (kg)	60	10,667	1	263
Ginseng (kg)	1 723	3,650	226	222
Ivory and Related Products (kg)	1	23	7	243
<b>Others</b>				
Fireworks (kg)	1	0	-	-
Firearms and Parts (no.)	357	106	2	22

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) May include faux leather.

(6) Exclude sildenafil and antibiotics.

Content

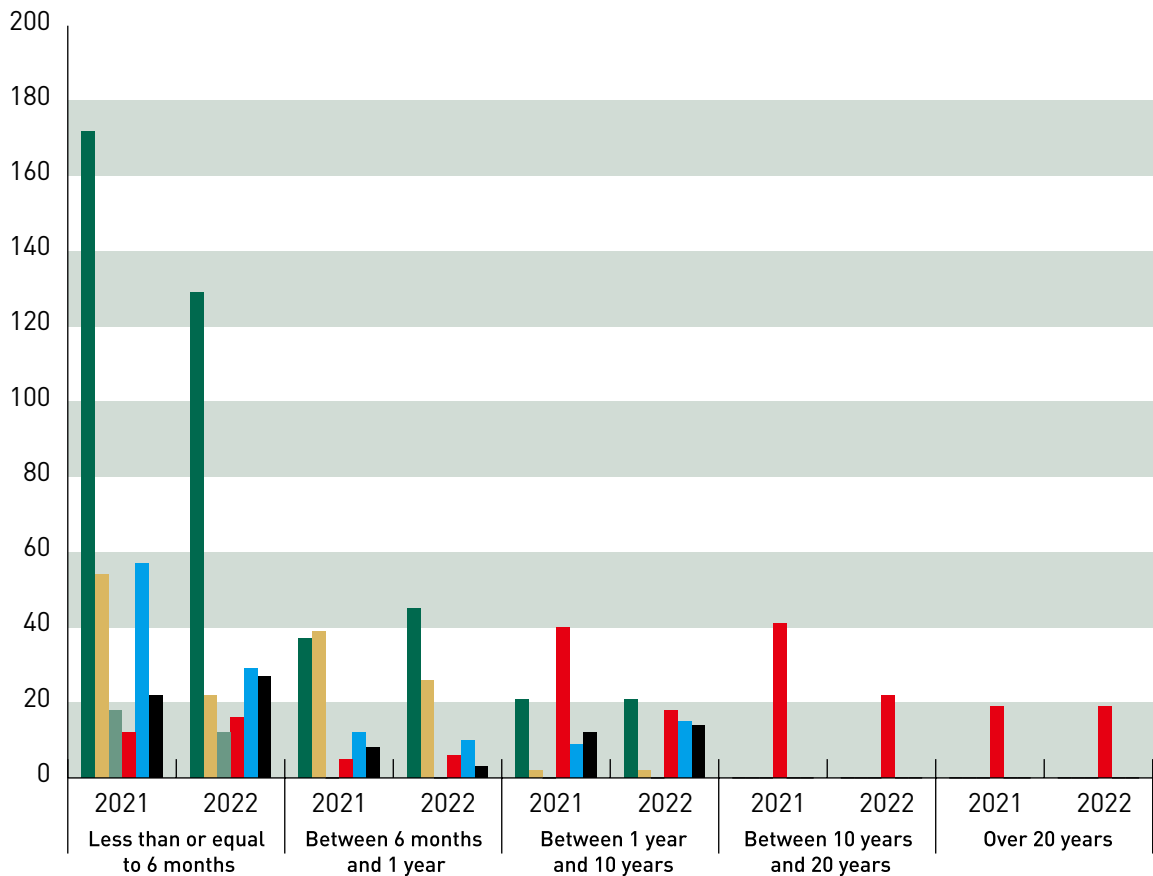
## ○ Stop and Search of Persons / Vehicles at Control Points

	2021	2022
No. of persons stopped and searched	20 870	19 550
No. of vehicles checked	241 630	186 500



## ○ Range of Sentences

No. of Charges

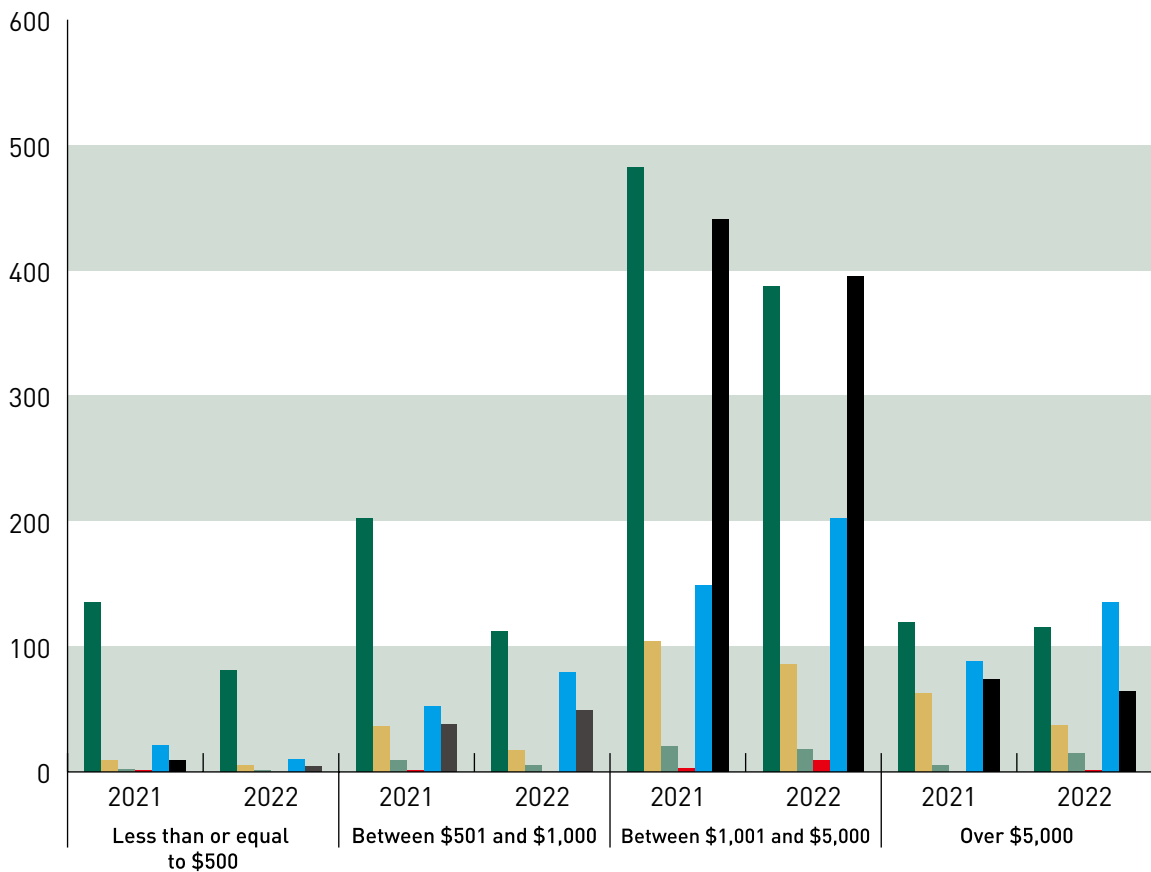


- Dutiable Commodities Ordinance (Cap. 109)
- Dangerous Drugs Ordinance (Cap. 134)
- Import and Export Ordinance (Cap. 60)
- Trade Descriptions Ordinance (Cap. 362)
- Copyright Ordinance (Cap. 528)
- Others



## Range of Fines

No. of Charges



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



## ○ Court Actions

