

**CONTROLLING OFFICER'S REPLY****SB261****(Question Serial No. 0310)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (603) Plant, vehicles and equipmentProgramme: Not specifiedControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic DevelopmentQuestion:

Regarding the funding for the following new items which is sought in the context of the Appropriation Bill 2017, please inform this Committee of the estimated expenditure for 2017-18:

Head	Account	Sub-head (Code)	Sub-head	Item (Code)	Ambit
31	Capital Account	603	Plant, vehicles and equipment	801	Replacement of one mobile X-ray vehicle scanning system for Shenzhen Bay Control Point (AM5531)
31	Capital Account	603	Plant, vehicles and equipment	802	Replacement of one mobile X-ray vehicle scanning system for Shenzhen Bay Control Point (AM5532)

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 0310)Reply:

The 2 mobile X-ray vehicle scanning systems of the Customs and Excise Department (C&ED) at Shenzhen Bay Control Point have been in use for over 9 years. The Electrical and Mechanical Services Department confirmed in March 2016 that their overall performances had fallen and continuing their maintenance would be uneconomical. Meanwhile, it is necessary for C&ED to replace these mobile X-ray vehicle scanning systems as early as possible so as to comply with the emission standard of government vehicles specified by the Government Logistics Department. The estimated expenditure in this respect for 2017-18 is \$1.44 million.

- End -

**CONTROLLING OFFICER'S REPLY****SB262****(Question Serial No. 3093)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic DevelopmentQuestion:

While the number of seizure cases of the Customs and Excise Department fell by nearly 1 000 over the previous year, the value of the seizures increased significantly. In this regard, would the Government advise this Committee of the: 1. details of the seized dutiable commodities; and 2. differences between the current smuggled goods and those in last year.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 89)Reply:

The articles seized by the Customs and Excise Department (C&ED) under Programme (1) include dutiable commodities and non-dutiable commodities. Among them, the details of dutiable commodities seized in 2016 are as follows:

Category of articles	Number of cases#		Total value of seizures#	
	2015	2016	2015	2016
Tobacco	15 827	13 894	\$16.8 million	\$36.1 million
Liquor	5 383	5 346	\$2.4 million	\$2.1 million
Hydrocarbon oil and fuel	32	39	\$100,000	\$900,000
Total	21 242	19 279	\$19.2 million	\$39.1 million

# Including cases detected at all entry and exit control points but excluding those taken over for in-depth investigation which are reflected in Programme (4). Various types of articles may be involved in a single case.

Among the cases of seized dutiable commodities, the number of tobacco cases recorded a sharp drop by 12% over 2015 figures, whereas the total value of seized tobacco increased by 112% over 2015.

As for non-dutiable commodities, the value of seizures in 2016 (\$389 million) was on par with that in 2015 (\$390 million). The seizures were mainly electrical and electronic goods, endangered species, computer and accessories as well as precious metal.

In short, C&ED continued to vigorously combat against smuggling activities, including the abuse of cigarette duty-free concession by incoming passengers at various boundary control points in 2016. As a result, the related activities were effectively curbed and the number of cases dropped. Among the dutiable commodities cases detected, 1 major case which involves 5 300 kilograms of tobacco with a value of \$24 million smuggled through sea cargo in October 2016 has contributed to the significant rise in the value of seized dutiable commodities in the category of tobacco for the year.

- End -

**CONTROLLING OFFICER'S REPLY**

**SB263**

**(Question Serial No. 2480)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic Development

Question:

Would the Government advise this Committee on the numbers of illegal cases relating to “parallel trade” detected by the Customs and Excise Department at boundary control points in the past year? How many cases were successfully prosecuted? What plans does the Government have to combat “parallel trade” activities at the boundaries in the coming year? How much manpower and estimated provision will be required?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 20)

Reply:

Both Hong Kong and Shenzhen Customs have taken great effort to suppress cross-boundary parallel trade activities since September 2012 and the work in this area has been made routine.

In 2016, the Shenzhen Customs detected 8 980 cases based on notifications from Hong Kong, involving 8 981 outbound persons and goods with a total value of \$73.31 million. The goods were mainly laptop and tablet computers, smartphones, jewellery and food. Meanwhile, the Customs and Excise Department (C&ED) also detected 99 cases based on notifications from Shenzhen, involving 101 inbound persons and dutiable commodities, namely, cigarettes and liquors, with a total value of approximately \$280,000.

The resources involved in the above work have been subsumed under the general operating expenditure. C&ED does not have the relevant breakdown.

The Government has been pressing ahead with enforcement action against parallel goods by implementing multi-pronged measures and through inter-departmental co-operation. C&ED and the relevant government departments will continue to closely monitor the situation and maintain the order of control points through enhanced communication, co-operation and enforcement.

- End -

**CONTROLLING OFFICER'S REPLY**

**SB264**

**(Question Serial No. 2100)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Security

Question:

The Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Bill (the Bill) has been gazetted on 24 February 2017 and submitted to the Legislative Council on 1 March 2017. When the R32 System of the Bill is established in Hong Kong, the Customs and Excise Department will undertake its enforcement, involving a large amount of manpower and work. Regarding the expected net increase of 455 permanent posts in 2017-18, please advise this Committee on the amount of manpower allocated to handle the work involved in the R32 System as well as the types, salaries, allowances and nature of work of the posts.

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 27)

Reply:

In connection with the scrutiny of the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Bill and the preparatory work on its implementation, the Customs and Excise Department plans to create 54 permanent posts in 2017-18, including the posts of Assistant Superintendent of Customs and Excise, Senior Inspector of Customs and Excise, Inspector of Customs and Excise, Customs Officer, Assistant Clerical Officer and Clerical Assistant, to undertake frontline enforcement, intelligence analysis and backend support duties. The estimated annual expenditure on salary is approximately \$23 million.

- End -

**CONTROLLING OFFICER'S REPLY****SB265****(Question Serial No. 0637)**

Head: (31) Customs and Excise Department

Subhead: ( )

Programme: Not specified

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic Development

Question:

The Customs and Excise Department estimates that there will be an increase of 455 non-directorate posts in 2017-18. In this regard, would the Government please provide the following information:

- the number of posts to be deleted and created by the Department by rank and function;
- the establishment, strength, staff wastage and number of retirees of each rank by programme in 2016-17 and the estimated figures of such in 2017-18.

Asked by: Hon POON Siu-ping (Member Question No. 25)

Reply:

a) In 2017-18, the Customs and Excise Department (C&ED) will have an increase of 455 posts. The new posts are mainly created for meeting the operational needs of the Hong Kong Boundary Crossing Facilities of the Hong Kong-Zhuhai-Macao Bridge and the West Kowloon Terminus of the Guangzhou-Shenzhen-Hong Kong Express Rail Link which will be commissioned soon, establishing a reporting system on cross-boundary transportation of large quantities of currency and bearer negotiable instruments to step up actions against money laundering, and deploying additional manpower for postal parcel clearance services. The details of such posts are as follows:

Rank	Number	
	Posts to be created	Posts to be deleted
Superintendent of Customs and Excise	1	-
Assistant Superintendent of Customs and Excise	4	-
Senior Inspector of Customs and Excise	15	-
Inspector of Customs and Excise	50	-
Chief Customs Officer	29	-
Senior Customs Officer	142	-
Customs Officer	198	-

Executive Officer I	1	-
Assistant Clerical Officer	3	-
Clerical Assistant	5	-
Assistant Supplies Officer	1	-
Special Driver	6	-
<b>Sub-total:</b>	<b>455</b>	<b>-</b>
<b>Posts to be created</b>	<b>455</b>	
<b>Posts to be deleted</b>	<b>-</b>	
<b>Net increase of posts</b>	<b>455</b>	

b) The establishment of C&ED in 2016-17 and the estimated establishment of C&ED in 2017-18 are as follows:-

Financial year	Programme (1)	Programme (2)	Programme (3)	Programme (4)	Programme (5)	Total
2016-17	4 595	382	541	299	349	<b>6 166</b>
2017-18	5 050	382	541	299	349	<b>6 621</b>

The establishment of C&ED and the strength of each rank in 2016-17 are as follows:

<i>Rank</i>	<i>Establishment (Strength*)</i>	<i>Rank</i>	<i>Establishment (Strength*)</i>
Commissioner of Customs and Excise	1 ( 1 )	Statistician	1 ( 1 )
Deputy Commissioner of Customs and Excise	1 ( 1 )	Statistical Officer I	2 ( 2 )
Assistant Commissioner of Customs and Excise	3 ( 2 )	Statistical Officer II	2 ( 2 )
Administrative Officer Staff Grade C	1 ( 0 )	Armourer I	1 ( 1 )
Senior Principal Trade Controls Officer	1 ( 1 )	Armourer III	1 ( 1 )
Chief Superintendent of Customs and Excise	2 ( 2 )	Senior Systems Manager	2 ( 1 )
Senior Superintendent of Customs and Excise	16 ( 10 )	Systems Manager	5 ( 4 )
Superintendent of Customs and Excise	36 ( 31 )	Analyst / Programmer I	17 ( 17 )
Assistant Superintendent of Customs and Excise	77 ( 74 )	Analyst / Programmer II	6 ( 5 )
		Assistant Computer Operation Manager	1 ( 1 )
		Senior Computer Operator	1 ( 1 )

Senior Inspector of Customs and Excise	332 ( 307 )
Inspector of Customs and Excise	470 ( 546 )
Chief Customs Officer	382 ( 328 )
Senior Customs Officer	1 067 ( 964 )
Customs Officer	2 673 ( 2 612 )
Principal Trade Controls Officer	6 ( 6 )
Chief Trade Controls Officer	24 ( 23 )
Senior Trade Controls Officer	78 ( 76 )
Trade Controls Officer	186 ( 179 )
Assistant Trade Controls Officer	181 ( 162 )
Chief Executive Officer	1 ( 1 )
Senior Executive Officer	4 ( 4 )
Executive Officer I	19 ( 14 )
Executive Officer II	4 ( 8 )
Senior Treasury Accountant	1 ( 1 )
Treasury Accountant	4 ( 4 )
Senior Accounting Officer	1 ( 1 )
Accounting Officer I	6 ( 6 )
Accounting Officer II	2 ( 2 )
Senior Training Officer	1 ( 1 )
Training Officer I	1 ( 1 )
Senior Official Languages Officer	1 ( 1 )
Official Languages Officer I	3 ( 2 )
Official Languages Officer II	15 ( 15 )
Calligraphist	1 ( 1 )

Computer Operator I	9 ( 9 )
Computer Operator II	9 ( 9 )
Senior Confidential Assistant	1 ( 1 )
Confidential Assistant	7 ( 6 )
Senior Clerical Officer	7 ( 7 )
Clerical Officer	31 ( 22 )
Assistant Clerical Officer	129 ( 130 )
Clerical Assistant	95 ( 87 )
Office Assistant	19 ( 17 )
Chief Supplies Officer	1 ( 1 )
Senior Supplies Officer	1 ( 2 )
Supplies Officer	3 ( 2 )
Assistant Supplies Officer	3 ( 4 )
Senior Supplies Supervisor	1 ( 1 )
Supplies Supervisor I	11 ( 8 )
Supplies Supervisor II	24 ( 27 )
Supplies Assistant	11 ( 11 )
Special Driver	22 ( 21 )
Motor Driver	60 ( 63 )
Workman II	32 ( 22 )
Cook	1 ( 1 )
Leisure Services Manager	1 ( 1 )
Assistant Leisure Services Manager II	1 ( 1 )
Management Services Officer I	1 ( 1 )
Senior Launch Master	3 ( 3 )



Senior Personal Secretary	1 ( 1 )
Personal Secretary I	6 ( 6 )
Personal Secretary II	14( 14 )
Senior Typist	2 ( 2 )
Typist	7 ( 7 )
Senior Divisional Occupational Safety Officer	1 ( 1 )
Transport Services Officer I	1 ( 2 )

Launch Assistant	7 ( 5 )
Special Photographer I	1 ( 0 )
Special Photographer II	3 ( 0 )
<b>Total</b>	<b>6 166 ( 5 918 )</b>

\*The strength as at 31 January 2017, including officers on pre-retirement leave.

The estimated establishment of C&ED of each rank in 2017-18 is given below. Figures on strength cannot be ascertained due to various factors like resignation and early retirement.

<i>Rank</i>	<i>Establishment</i>
Commissioner of Customs and Excise	1
Deputy Commissioner of Customs and Excise	1
Assistant Commissioner of Customs and Excise	3
Administrative Officer Staff Grade C	1
Senior Principal Trade Controls Officer	1
Chief Superintendent of Customs and Excise	2
Senior Superintendent of Customs and Excise	16
Superintendent of Customs and Excise	37
Assistant Superintendent of Customs and Excise	81
Senior Inspector of Customs and Excise	347
Inspector of Customs and Excise	520

<i>Rank</i>	<i>Establishment</i>
Statistician	1
Statistical Officer I	2
Statistical Officer II	2
Armourer I	1
Armourer III	1
Senior Systems Manager	2
Systems Manager	5
Analyst / Programmer I	17
Analyst / Programmer II	6
Assistant Computer Operation Manager	1
Senior Computer Operator	1
Computer Operator I	9
Computer Operator II	9

Chief Customs Officer	411
Senior Customs Officer	1 209
Customs Officer	2 871
Principal Trade Controls Officer	6
Chief Trade Controls Officer	24
Senior Trade Controls Officer	78
Trade Controls Officer	186
Assistant Trade Controls Officer	181
Chief Executive Officer	1
Senior Executive Officer	4
Executive Officer I	20
Executive Officer II	4
Senior Treasury Accountant	1
Treasury Accountant	4
Senior Accounting Officer	1
Accounting Officer I	6
Accounting Officer II	2
Senior Training Officer	1
Training Officer I	1
Senior Official Languages Officer	1
Official Languages Officer I	3
Official Languages Officer II	15
Calligraphist	1
Senior Personal Secretary	1
Personal Secretary I	6
Personal Secretary II	14
Senior Typist	2

Senior Confidential Assistant	1
Confidential Assistant	7
Senior Clerical Officer	7
Clerical Officer	31
Assistant Clerical Officer	132
Clerical Assistant	100
Office Assistant	19
Chief Supplies Officer	1
Senior Supplies Officer	1
Supplies Officer	3
Assistant Supplies Officer	4
Senior Supplies Supervisor	1
Supplies Supervisor I	11
Supplies Supervisor II	24
Supplies Assistant	11
Special Driver	28
Motor Driver	60
Workman II	32
Cook	1
Leisure Services Manager	1
Assistant Leisure Services Manager II	1
Management Services Officer I	1
Senior Launch Master	3
Launch Assistant	7
Special Photographer I	1
Special Photographer II	3
<b>Total</b>	<b>6 621</b>

Typist	7
Senior Divisional Occupational Safety Officer	1
Transport Services Officer I	1

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The staff wastage and number of retirees in 2016-2017 and the estimated number of retirees in 2017-2018 are given below:

	2016-2017		2017-2018
	Staff Wastage	Number of Retirees	Estimated Number of Retirees
<b>Superintendent/ Inspectorate Grade</b>	4	48	27
<b>Customs Officer Grade</b>	61	173	173
<b>Trade Controls Officer Grade</b>	4	21	30
<b>Other Grades</b>	9	28	16

- End -

**CONTROLLING OFFICER'S REPLY****SB569****(Question Serial No. 3703)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic DevelopmentQuestion:

1. Please provide the figures on the arrests made by the Customs & Excise Department (C&ED) in enforcing the Import and Export Ordinance at various control points in the past 5 years. What is the estimated provision earmarked by the Department for enforcing the Ordinance in 2017-2018?

2. Please list out in a table the amount of the following items seized by C&ED within Hong Kong and the number of persons involved in the past 5 years.

		Narcotics	Firearms & ammunitions	Strategic commodities	Dutiable commodities	Infringement of copyright	False trade descriptions
2012	Amount						
	Number of persons involved						
2013	Amount						
	Number of persons involved						
2014	Amount						
	Number of persons involved						
2015	Amount						
	Number of persons involved						
2016	Amount						
	Number of persons involved						

3. What were the number of staff deployed by C&ED and the actual expenditure involved in combating parallel traders in the past 5 years? Will the Department allocate additional resources to the fight against parallel trade activities in 2017-2018? If yes, what are the details and the estimated expenditure?

Asked by: Hon CHAN Tanya (Member Question No. 533)

Reply:

1. In the past 5 years, a total of 18 644 persons were arrested by the Customs and Excise Department (C&ED) for contravention of the Import and Export Ordinance. The resources involved have been subsumed under the general operating expenditure and C&ED does not have the breakdown figures.

2. The items seized by C&ED are of various types involving different measurement units. The details of the cases detected by C&ED in the past 5 years are as follows:

		Narcotics	Firearms & ammunitions	Strategic commodities	Dutiable commodities	Goods infringing copyrights	Goods involving false trade descriptions
2012	Number of cases	473	20	4	22 026	116	533
	Number of persons arrested	430	14	0	11 549	166	506
2013	Number of cases	516	28	2	18 675	99	752
	Number of persons arrested	439	20	0	11 712	143	663
2014	Number of cases	797	81	8	19 483	60	1 076
	Number of persons arrested	442	21	0	12 003	87	752
2015	Number of cases	752	68	34	17 300	118	1 098
	Number of persons arrested	364	12	0	10 717	159	906
2016	Number of cases	779	55	71	15 238	124	951
	Number of persons arrested	330	8	4	8 823	158	747

3. In 2017-18, C&ED will continue its cooperation with Shenzhen Customs in combating parallel trade activities, which includes monitoring hotspots of parallel trade activities in order to gather intelligence to facilitate interception and enforcement actions by officers at boundary control points and other law enforcement agencies. The resources involved in the above work have been subsumed under the general operating expenditure, and C&ED does not have the breakdown figures.

- End -

**CONTROLLING OFFICER'S REPLY****SB570****(Question Serial No. 3704)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (2) Anti-narcotics InvestigationControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Security / Secretary for Financial Services and the TreasuryQuestion:

1. In the past 5 years, how many cases relating to organised drugs syndicates and individual drug offenders were detected by the Customs and Excise Department (C&ED)? How many persons were arrested?
2. Please provide the number of drug manufacturing workshops and distribution centres cracked down by C&ED within Hong Kong in the past 5 years.
3. Please provide the number of money laundering cases detected by C&ED and the number of persons involved in the past 5 years.

Asked by: Hon CHAN Tanya (Member Question No. 534)Reply:

1. In the past 5 years, the numbers of drug trafficking cases detected and persons arrested by the Customs and Excise Department (C&ED) were as follows:

	2012	2013	2014	2015	2016
Number of cases detected	214	231	275	249	213
Number of persons arrested	211	258	276	233	217

2. In the past 5 years, the numbers of drug manufacturing workshops and distribution centres cracked down by C&ED within Hong Kong were as follows:

	2012	2013	2014	2015	2016
Drug Manufacturing Workshops	-	1	-	1	2
Distribution Centres	3	10	11	24	29

3. In the past 5 years, the numbers of money laundering cases detected by C&ED and the number of persons involved were as follows:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
No. of cases	2	1	2	3	11
No. of persons involved	25	6	5	7	24

- End -

**CONTROLLING OFFICER'S REPLY**

**SB571**

**(Question Serial No. 3328 )**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: Not specified

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Security / Secretary for Financial Services and the Treasury / Secretary for Commerce and Economic Development

Question:

Does the Customs and Excise Department provide sign language interpretation services? If yes, what are the manpower and expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 67)

Reply:

The Customs and Excise Department (C&ED) arranges sign language interpretation services for people in need based on the individual circumstances of each case by hiring interpreters from the register of part-time interpreters kept by the Judiciary to provide the services. The resources involved have been subsumed under the general operating expenditure and C&ED does not have the breakdown figures.

- End -



**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)252**

**(Question Serial No. 3705)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. In the past 5 years, how many cases relating to online selling of intellectual property right (IPR) infringing goods were detected by the Customs and Excise Department (C&ED)? What were the values and types of the goods? How many persons were involved?
2. How many cases of IPR infringement were reported in each of the past 5 years? What was the number of cases with investigation completed in each of the past 5 years? What are the estimated number of staff and expenditure involved in the investigation of IPR infringement cases in 2017-2018?
3. What are the estimates of C&ED for upgrading its capability in the investigation of Internet and electronic crimes relating to IPR infringement in 2017-2018?
4. What are the estimates of C&ED for promoting public and traders' awareness of IPR and consumer protection legislation through publicity programmes in 2017-2018?
5. Please provide the expenditures and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by C&ED, the Commerce and Economic Development Bureau (CEDB) and other parties concerned in 2017-2018, as well as the estimated expenditures and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by C&ED, CEDB and other parties concerned in 2017-2018.
6. In the past 5 years, what were the actual expenditure, number of staff and number of prosecution involved in the investigation of false claims on health products by C&ED? In 2017-2018, what will be the actual expenditure and number of staff involved in the investigation of false claims on health products by the Department?

Asked by: Hon CHAN Tanya (Member Question No. 535)

Reply:

1. Details of the online IPR infringing cases detected by C&ED over the past 5 years are as follows:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of cases	64	162	184	200	201
Number of persons arrested	79	190	202	248	234
Total value of seizures (the goods involved were mostly clothing, watches and accessories)	\$1 million	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million

2. In 2017-18, a total of 190 C&ED officers will be deployed to the prevention and detection of IPR infringement, involving an expenditure of \$81.15 million. The number of cases investigated by C&ED over the past 5 years is as follows:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of cases investigated	1 399	1 625	1 954	1 892	1 599
Number of cases completed*	3 244	8 309	1 913	1 577	1 546

Note: \* As some of the cases were reported in the past years, the number of cases completed may be larger than that received in the same year.

3. C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a “Big Data Analytics System” to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

4. In 2017-18, C&ED will continue to enhance public awareness of IPR and consumer protection through various channels, including seminars and thematic talks organised in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major chambers of commerce from time to time. Moreover, publicity and education activities will also be organised to raise the community’s awareness of IPR and

consumer protection. As the expenditure involved has been subsumed within the Department's provisions, it is difficult to quantify such expenditure separately.

5. and 6. Over the past 5 years, a total of 29 cases involving false claims on health products in contravention of the Trade Descriptions Ordinance (the Ordinance) were detected by C&ED, with 23 companies and 7 persons prosecuted. In 2017-18, C&ED will deploy 190 officers to carry out the enforcement work under the Ordinance, involving an expenditure of \$92.83 million. The manpower and expenditure concerned cannot be broken down by category of goods.

- End -

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)253****(Question Serial No. 6858)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of the complaints against unfair trade practices, would the Government please advise this Committee of:

- (a) The number of reports on unfair trade practices received from the public and the amount of money involved in the cases reported in each of the past 3 years. Please provide a breakdown by year and industries involved;
- (b) The number of enforcement actions taken by the Customs and Excise Department based on the reports on unfair trade practices as well as the number of persons arrested in the past 3 years. Please provide a breakdown by year and industries involved; and
- (c) The number of prosecution cases, number of persons prosecuted and number of persons convicted in respect of unfair trade practices in the past 3 years. Please provide a breakdown by year and industries involved.

Asked by: Hon CHAN Tanya (Member Question No. 92)

Reply:

(a), (b) & (c) Statistics on the Customs and Excise Department's enforcement of the Trade Descriptions Ordinance in the past 3 years are as follows:

<b>Category of figures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of complaints	6 447	6 088	7 260
Number of cases investigated	701	168	144
Number of persons arrested	64	125	105

<b>Category of figures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of prosecution cases	74	112	71
Number of conviction (company/individual)	76	126	71
Amount of money involved in the convicted cases	\$16.5 to \$1,333,591	\$12.9 to \$796,253	\$42 to \$288,000
Examples of industries to which the convicted traders belong	Ginseng products and dried seafood/ Chinese medicines and drugs, food and beverage, beauty and hairdressing products and services, health food and products	Ginseng products and dried seafood/ Chinese medicines and drugs, beauty and hairdressing products and services, food and beverage, supermarkets, educational services	Ginseng products and dried seafood/ Chinese medicines and drugs, electrical & electronic goods retailers, food and beverage, educational services

- End -

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)254****(Question Serial No. 6859)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding public understanding of unfair trade practices, would the Government please advise this Committee of the following:

(a) In the past 3 years, how many reports on unfair trade practices from the public were received by the Customs and Excise Department (C&ED)? How many cases were successfully followed up by C&ED? Please provide a breakdown by year.

(b) Will C&ED launch more promotional campaigns in 2017-18 to enhance public understanding of the definition and concept of unfair trade practices so as to increase the effectiveness of the reporting mechanism? If yes, what are the work plan and estimated expenditure? If no, what are the reasons?

Asked by: Hon CHAN Tanya (Member Question No. 93)Reply:

(a) Statistics on the Customs and Excise Department (C&ED)'s enforcement of the Trade Descriptions Ordinance in the past 3 years are as follows:

<b>Category of figures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of complaints	6 447	6 088	7 260
Number of cases investigated	701	168	144
Number of persons arrested	64	125	105
Number of prosecution cases	74	112	71
Number of conviction (company/individual)	76	126	71

(b) C&ED has always endeavoured to enhance public awareness of consumer protection through various channels, including seminars and thematic talks organised in collaboration with the Consumer Council, industry associations and major chambers of commerce from time to time. Moreover, C&ED will continue to organise publicity and education activities to raise the community's awareness of consumer rights. As the expenditure involved has been subsumed within the Department's provisions, it is difficult to quantify the expenditure separately.

- End -

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)255****(Question Serial No. 1791)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

What were the expenditure, manpower provision and number of operations involved in preventing and detecting copyright infringing articles and trade mark infringement in 2016-17? How many of these involved online sale of infringing goods? What were the values of articles seized in the operations? How many cases were successfully prosecuted and what were the penalties imposed? Has there been an increasing trend of copyright and trade mark infringement in recent years, especially for online sale of infringing goods? Regarding the matters requiring special attention in 2017-18, the Customs and Excise Department will continue to strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods. How much expenditure will be involved? Will online surveillance be conducted? What is the expected effectiveness of the work?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 23)Reply:

In 2016-17, there were 191 officers in the Customs and Excise Department (C&ED) who were specialized in preventing and detecting intellectual property rights (IPR) crimes, involving an expenditure on salary provision of about \$81.42 million. In 2016, C&ED conducted 10 operations every week on average. Details of the cases detected are as follows:

Number of cases (Internet IPR crime)	845 cases (201 cases)
Total value of articles seized (Internet IPR crime)	\$160 million (\$1.8 million)
Number of successful prosecutions (Internet IPR crime) (Note)	451 cases (165 cases)
Penalties imposed by the Court	Fine: \$500 – \$100,000; Community service order : 30 – 240 hours; Imprisonment: 7 days – 16 months

Note: Concluded in 2016



As a result of continuous and vigorous enforcement actions, IPR infringing activities in the local market have reduced significantly as compared with previous years, but selling IPR infringing goods online has been shifting from auction sites to social media platforms and online community marketplaces.

C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

- End -

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)256****(Question Serial No. 1839)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

It is mentioned under this Programme that the Customs and Excise Department (C&ED) is responsible for suppressing offences related to forged trade marks, false trade descriptions and unfair trade practices under the Trade Descriptions Ordinance (Cap. 362). In this respect, would the Government inform this Committee of:

(a.) the number of complaints against fitness centres/yoga centres received by C&ED and the figures on prosecution and conviction in the past 3 years, as well as the major offences involved in the prosecution cases; and

(b.) It is mentioned under this Programme that C&ED will strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services in 2017-18. Specifically, what are the details of such work? What are the establishment of staff and expenditures involved?

Asked by: Hon HO Kai-ming (Member Question No. 25)Reply:

(a) In the past 3 years, the number of consumer complaints received by the Customs and Excise Department (C&ED) against fitness centres or yoga centres alleging breaches of the Trade Descriptions Ordinance (TDO) are as follows:

	2014	2015	2016
Number of complaints	111	237	1 867 (Note)

(Note) Among the complaints received, 1 672 were against the closure of 1 chain fitness centre.

The complaints mainly allege traders of deploying unfair trade practices such as wrongly accepting payment, aggressive commercial practices and false trade descriptions. As at present, C&ED has arrested a total of 11 people in connection with three cases for further

investigation, and has prosecuted two people in connection with one case involving a fitness centre.

(b) C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through suppression of common unfair trade practices at source. C&ED will also step up targeted inspections against high-risk products and shops under repeated complaints and exchange information with the Consumer Council.

On enforcement, C&ED has taken active steps to handle complaints by conducting in-depth investigations and collecting relevant evidence, as well as taking appropriate enforcement actions on the basis of the facts and evidence of individual cases. Apart from this, C&ED also carries out proactive inspections, including undercover ones, as necessary to suspected offending shops through risk and intelligence assessments.

On compliance promotion, C&ED has so far held more than 140 seminars for various industries to help raise their practitioners' awareness of the TDO, remind them of the importance of complying with the fair trading provisions, and urge the management to take appropriate measures to avoid unscrupulous trade practices.

On public education, in collaboration with the Consumer Council, C&ED has been promoting the message of smart shopping to the general public through various media.

In 2017-18, 190 officers of C&ED will be deployed for carrying out the enforcement work under the TDO. The estimated expenditure involved will be \$92.83 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)257**

**(Question Serial No. 3238)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As mentioned in Matters Requiring Special Attention in 2017-18, continuous efforts will be made to upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights. In this connection, please answer the following questions:

1. What measures are being taken by the Customs and Excise Department (C&ED) to combat Internet and electronic crimes relating to infringement of intellectual property rights?
2. In the past 5 years, what measures and programmes did C&ED put in place to upgrade the capability in investigating the aforesaid electronic crimes? What were the expenditures involved?

Asked by: Hon MA Fung-kwok (Member Question No. 9)

Reply:

C&ED has been closely monitoring the latest trend of intellectual property rights (IPR) infringements on the Internet and related electronic crimes, and makes timely review of the enforcement effectiveness. As early as in 2000, C&ED redeployed internal resources to set up three dedicated "Anti-Internet Piracy Teams" for the relevant enforcement work. Between 2007 and 2015, four online monitoring systems were developed to better monitor and combat online IPR infringing activities. Among them, the "SocNet" system helps to focus on and combat the selling of IPR infringing articles through social media platforms. In 2013, the "Electronic Crime Investigation Centre" was established to further enhance the capabilities of frontline officers in online investigation and evidence collection. Over the past five years, C&ED has allocated \$8.2 million to upgrade the relevant capabilities in investigation and enforcement, including \$4 million on the "Electronic Crime Investigation

Centre” and \$4.2 million on the development of the online monitoring systems and relevant maintenance expenses.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)258**

**(Question Serial No. 2081)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of prevention and detection of copyright and trade mark infringement, please advise this Committee on the following:

(a) What were the numbers of infringing activities on the Internet detected; the products involved and their market values; the numbers of persons arrested, prosecuted and convicted; as well as the maximum and minimum penalties imposed in each of the past 5 years? (Please list the above information by year)

(b) Regarding stepping up law enforcement and publicity education related to intellectual property rights (IPR), what will be the Government's future work plans and timetables as well as the expenditures and manpower involved?

Asked by: Hon NG Wing-ka, Jimmy (Member Question No. 3)

Reply:

Details of the online intellectual property rights (IPR) infringement cases detected by the Customs and Excise Department (C&ED) over the past 5 years are as follows:

	2012	2013	2014	2015	2016
Number of cases	64	162	184	200	201
Number of persons arrested	79	190	202	248	234
Total value of seizures (mostly clothing, watches and accessories)	\$1 million	\$2.48 million	\$2.47 million	\$3 million	\$1.8 million

	2012	2013	2014	2015	2016
Number of persons convicted (Note)	52	114	168	188	175
Amount of fines	\$500- \$20,000	\$500- \$20,000	\$500- \$60,000	\$50- \$20,000	\$500- \$60,000
Length of community service order	80-160 hours	70-180 hours	60-160 hours	60-180 hours	30-160 hours
Term of imprisonment	14 days- 6 months	14 days- 6 months	7 days- 4 months	2 to 5 months	7 days- 8 months

Note: Cases concluded during the year.

C&ED has been closely monitoring the latest trend of IPR infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

C&ED enhances public awareness of IPR protection through various channels, including IPR-related seminars and thematic talks organised in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major chambers of commerce from time to time. C&ED will continue to organise publicity and education activities to raise the community’s awareness of IPR protection. As the expenditure involved has been subsumed within the department’s provisions, it is difficult to quantify such expenditure separately.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)259**

**(Question Serial No. 2217)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Government has set the indicator in respect of the number of spot checks on consumer goods safety at 1 400 in 2017. Would the Government advise this Committee on the following:

1. On what basis does the Government set the target at 1 400?
2. What are the categories of the items for spot checks and how many spot checks are conducted by the Government each month currently?
3. What is the establishment of staff involved in the above operations?

Asked by: Hon QUAT Elizabeth (Member Question No. 9)

Reply:

1. The numbers of spot checks on consumer goods safety conducted by the Customs and Excise Department (C&ED) in the past 3 years were 1 146, 1 439 and 1 460 respectively. With reference to its enforcement experience and the risk assessments conducted on various consumer goods available in the market, the Department has set the indicator in respect of the number of spot checks on consumer goods safety at 1 400 in 2017.
2. The consumer goods on which spot checks were conducted by C&ED in the past year include personal care products, cosmetics, clothing and footwear, electronic goods, household products, furniture, stationery, kitchenware and tableware. Around 120 spot checks were conducted each month on average.
3. In 2017-18, there are 19 C&ED officers responsible for the enforcement of the Consumer Goods Safety Ordinance.

- End -



**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)260**

**(Question Serial No. 1759)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The number of staff for Programme (3) was 487 in the last financial year, while the estimated number of staff is 541 for this year:

1. What are the establishment, rank, scope of work and total expenditure of the additional staff? What are the existing and additional manpower deployed for intellectual property rights and consumer protection respectively?
2. What were the respective manpower and expenditure involved in enforcing the Toys and Children's Products Safety Ordinance, the Weights and Measures Ordinance, the Consumer Goods Safety Ordinance and the Trade Descriptions Ordinance in each of the past 3 years? What are the estimated manpower and expenditure for the enforcement of the ordinances in 2017?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 27)

Reply:

1. The Customs and Excise Department (C&ED) reviews its manpower situation and redeploys internal resources from time to time, so as to ensure sufficient manpower for performing its duties. Having regard to operational needs, the number of staff under Programme (3) in 2016-17 has been revised from the original estimate of 487 to 541, and the estimated number of staff under Programme (3) in 2017-18 is also maintained at 541.

2. The manpower and expenditure involved in the enforcement of the related consumer protection legislation by C&ED are as follows:

Ordinance	Category	Year			
		2014/15	2015/16	2016/17	2017/18
Trade Descriptions Ordinance	Manpower for enforcement	187	190	190	190
	Expenditure involved (\$ million)	87.6	95.1	92.85	92.83
Weights and Measures Ordinance	Manpower for enforcement	21	21	21	22
	Expenditure involved (\$ million)	9.37	9.79	10.25	10.6
Consumer Goods Safety Ordinance	Manpower for enforcement	19	19	19	19
	Expenditure involved (\$ million)	8.72	9.12	9.54	9.54
Toys and Children's Products Safety Ordinance	Manpower for enforcement	16	16	16	16
	Expenditure involved (\$ million)	7.75	8.11	8.48	8.48

- End -

**CONTROLLING OFFICER'S REPLY****CEDB(CIT)261****(Question Serial No. 1765)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ( )Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding consumer protection:

1. In relation to the enforcement of the Trade Descriptions Ordinance and the other 3 ordinances on consumer protection, what are the (a) number of complaint cases received by the Customs and Excise Department (C&ED), (b) number of prosecution cases, (c) number of conviction, (d) maximum penalty of convicted individual/company, and (e) average penalty imposed in the past 3 years?
2. Please provide the number of (a) complaints received by C&ED, (b) prosecution cases, and (c) conviction by grouping into common offences under the Trade Descriptions Ordinance, including false trade descriptions, misleading omissions and aggressive commercial practices in the past 3 years.

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 28)Reply:

1. Figures and information on the enforcement of consumer protection legislation by the Customs and Excise Department (C&ED) in the past three years are as follows:

<b>Ordinance</b>	<b>Breakdown of figures and information</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Trade Descriptions Ordinance (TDO)	Number of complaint cases	6 447	6 088	7 260
	Number of prosecution cases	74	112	71
	Number of conviction (company/individual)	76	126	71

<b>Ordinance</b>	<b>Breakdown of figures and information</b>		<b>2014</b>	<b>2015</b>	<b>2016</b>
	Maximum Penalty	Fine	\$152,000	\$67,800	\$100,000
		Imprisonment	4 months' imprisonment (suspended for 3 years)	3 months' imprisonment	2 months' imprisonment and a compensation of \$28,160 to the victim
	Average fine*		\$16,057	\$10,996	\$12,807
Weights and Measures Ordinance	Number of complaint cases		649	588	588
	Number of prosecution cases		59	42	28
	Number of conviction (company/individual)		62	46	29
	Maximum penalty		\$10,000	\$15,000	\$10,000
	Average fine*		\$2,936	\$3,852	\$3,957
Consumer Goods Safety Ordinance	Number of complaint cases		172	165	129
	Number of prosecution cases		7	12	13
	Number of conviction (company/individual)		7	13	13
	Maximum penalty		\$50,000	\$12,000	\$28,000
	Average fine*		\$17,060	\$6,500	\$17,823
Toys and Children's Products Safety Ordinance	Number of complaint cases		50	38	31
	Number of prosecution cases		9	5	1
	Number of conviction (company/individual)		9	5	1
	Maximum penalty		\$9,000	\$8,000	\$2,000
	Average fine*		\$5,500	\$7,600	\$2,000

\* The average amount of fine imposed in cases where a fine was handed down.

2. Figures on the enforcement of the TDO by C&ED in the past three years are as follows:

<b>Offence</b>	<b>Breakdown of relevant figures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
False trade descriptions	Number of complaint cases	3 434	3 947	4 476
	Number of prosecution cases	28	59	36
	Number of conviction (company/individual)	32	66	40

<b>Offence</b>	<b>Breakdown of relevant figures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Misleading omissions	Number of complaint cases	884	752	332
	Number of prosecution cases	5	12	6
	Number of conviction (company/individual)	4	10	8
Aggressive commercial practices	Number of complaint cases	151	254	191
	Number of prosecution cases	2	1	3
	Number of conviction (company/individual)	0	3	1
Bait advertising	Number of complaint cases	72	27	15
	Number of prosecution cases	0	0	1
	Number of conviction (company/individual)	–	–	0
Bait and switch	Number of complaint cases	24	25	11
	Number of prosecution cases	0	0	0
	Number of conviction (company/individual)	–	–	–
Wrongly accepting payment	Number of complaint cases	1 817	1 023	2 197
	Number of prosecution cases	0	1	1
	Number of conviction (company/individual)	–	1	0
Other offences under the TDO <sup>^</sup>	Number of complaint cases	65	60	38
	Number of prosecution cases	39	39	24
	Number of conviction (company/individual)	40	46	22

<sup>^</sup> Such as sections 4, 9 and 12 of the TDO.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)262**

**(Question Serial No. 1768)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of the trend of “online shopping” (which includes group buying and online buying) in recent years, unfair trade practices were often involved and some group buying companies have even closed down their businesses suddenly:

1. Has the Customs and Excise Department (C&ED) conducted “undercover” operations or any other forms of surveillance? If yes, what were the expenditures and manpower involved?
2. How many complaints against “online shopping” were received by C&ED annually in the past 3 years? How many cases were dealt with by prosecution? How many persons were convicted?
3. Given that many online shops are non-locally registered companies, what enforcement actions are taken by C&ED to tackle the problem?
4. In view of the sudden closure of group buying companies, would C&ED and the related policy bureau consider setting up a fund like the “Travel Industry Compensation Fund” to make compensation to members of the public affected?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 29)

Reply:

1. The Trade Descriptions Ordinance (TDO) is equally applicable to the trade practices of online traders and physical stores. As far as online trade practices are concerned, the Customs and Excise Department (C&ED)’s enforcement actions include cyber patrol and online test-buy operations.

In 2017-18, 190 officers of C&ED would be deployed for carrying out the enforcement work under the TDO, involving an estimated expenditure of \$92.83 million. Since officers responsible for surveillance also perform other enforcement duties at the same time, it is difficult to separately quantify the expenditure involved.

2. The number of complaints against “online shopping” received by C&ED and the related enforcement statistics for the past 3 years are as follows:

	2014	2015	2016
Number of complaint cases	487	296	586
Number of prosecution cases	2	2	4
Number of conviction (company/individual)	2	2	3

3. If local or overseas websites are found to be offering unlawful or intellectual property right infringing articles for sale, C&ED may demand such websites to remove the relevant contents or links. It will also mount joint operations with overseas enforcement agencies as and when required.

4. The Commerce and Economic Development Bureau and C&ED currently have no plan to set up a compensation fund in respect of group buying. The Government will continue to monitor the development of online shopping platforms.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)263**

**(Question Serial No. 1770)**

Head: (31) Customs and Excise Department  
Subhead: (000) Operational expenses  
Programme: (3) Intellectual Property Rights and Consumer Protection  
Controlling Officer: Commissioner of Customs and Excise (Roy TANG)  
Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the matters requiring special attention in 2016-17, what are the details of “upgrading the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights”? Is there any manpower dedicated to investigations on illegal internet activities? If yes, what are the establishment of staff and expenditure involved?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 31)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and related electronic crimes, and makes timely review of the enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated “Anti-Internet-Piracy Teams” for the relevant enforcement work; establish the “Electronic Crime Investigation Centre” to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the “SocNet” system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms. This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency.

Currently, C&ED has an establishment of 45 officers dedicated to combating IPR infringing activities on the Internet, involving an expenditure on salary provision of about \$18.75 million.

- End -



**CONTROLLING OFFICER'S REPLY****CEDB(CIT)264****(Question Serial No. 1800)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In respect of the trend of selling infringing articles by young people through the internet and instant applications in recent years:

1. How many complaints were made to the Customs and Excise Department (C&ED) in each of the past 3 years? What were the numbers of prosecution and conviction?
2. Did C&ED carry out any education and publicity programmes in each of the past 3 years? If yes, what were the details (e.g. mode of publicity, expenditures, etc.)?
3. Does C&ED have any publicity programme in the coming year? If yes, what will be the mode of publicity as well as the manpower and expenditures involved?

Asked by: Hon WAN Siu-kin, Andrew (Member Question No. 30)

Reply:

Details of the complaints received against intellectual property rights (IPR) infringing activities on the Internet and the cases detected in this respect by the C&ED over the past 3 years are as follows:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Number of complaints received	829	1 579	1 461
Number of investigation files opened [Note (1)]	485	581	496
Number of cases	184	200	201
Number of persons arrested	202	248	234
Number of persons convicted [Note (2)]	168	188	175

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Amount of fines	\$500- \$60,000	\$50- \$20,000	\$500- \$60,000
Length of community service order	60-160 hours	60-180 hours	30-160 hours
Term of imprisonment	7 days- 4 months	2-5 months	7 days- 8 months

Note: (1) Since different complaints may involve the same website, web link or Internet account, C&ED would consolidate complaints in relation to the same or similar issues (e.g. complaints against the same website, web link or Internet account) into a single file for investigation.

(2) Cases concluded during the year.

C&ED enhances public awareness of IPR protection through various channels, including IPR-related seminars and thematic talks organised in collaboration with the Intellectual Property Department (IPD), the Consumer Council, industry associations and major chambers of commerce from time to time. C&ED will continue to organise publicity and education activities to raise the community's awareness of IPR protection.

Over the past 3 years, C&ED and related organisations carried out publicity and education targeted at youngsters, which included organising IPR-related talks, exchange programmes, training courses, workshops and competitions. During the same period, a TV Announcement in Public Interest was jointly produced by C&ED and IPD and published on popular local auction websites, discussion forums and social media platforms. In the future, C&ED will continue to launch different kinds of publicity and education activities in collaboration with related organisations in order to enhance awareness of IPR protection among the public, especially the youngsters. As the expenditure involved has been subsumed within C&ED's provisions, it is difficult to quantify such expenditure separately.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)265**

**(Question Serial No. 0666)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (000) Operational expenses

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. The relevant department will upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights (IPR).

Are the existing resources sufficient for the relevant investigation? What actual assistance will the Government provide to strengthen the capability in the investigation and how much expenditure is expected to be required? Of the additional manpower allocated this year, how much will be deployed to perform this duty?

Asked by: Hon WONG Ting-kwong (Member Question No. 13)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and the related electronic crimes, and makes timely review of enforcement effectiveness. Over the past few years, C&ED has redeployed internal resources to set up three dedicated "Anti-Internet-Piracy Teams" for the relevant enforcement work; establish the "Electronic Crime Investigation Centre" to enhance the capabilities of frontline officers in online investigation and evidence collection; and develop four online monitoring systems to better monitor and combat online IPR infringing activities, including the "SocNet" system, which was launched in 2015 to focus on and combat the selling of IPR infringing articles through social media platforms.

This year, C&ED plans to redeploy internal resources to develop a Big Data Analytics System to analyse information collected from various Internet platforms with a view to detecting the latest trend of online infringement and enhancing enforcement efficiency. In 2017-18, C&ED does not have any plans to increase the expenditure and manpower for enforcement in this area, but will continue to take action against IPR offences through flexible deployment of existing resources and manpower. The expenditure on system maintenance in 2017-18 is estimated to be about \$1.06 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)266**

**(Question Serial No. 0947)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the work to improve clearance services to facilitate efficient cargo flow across the boundary, please advise this Committee on the following:

1. The latest update on the promotion of the Road Cargo System and the number of registered users broken down by account type;
2. The latest progress of the interconnection of Hong Kong Customs' Intermodal Transshipment Facilitation Scheme and Mainland's Speedy Customs Clearance system, and the further measures to be implemented to enhance seamless cross-boundary clearance with the Mainland;
3. The latest progress of the implementation of the Hong Kong Authorised Economic Operator Programme, the number of participating companies and the current situation of signing mutual recognition arrangements with overseas countries/cities; and
4. The details and estimates in respect of the work to facilitate cargo flow across the boundary in 2017-18 and whether new measures will be introduced.

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 43)

Reply:

1. The Road Cargo System (ROCARS) has been operating smoothly since its full implementation. The Customs and Excise Department (C&ED) has been liaising with industry users to ensure the provision of efficient and reliable services for the trading and logistics industries. As at the end of February 2017, a total of 32 612 users were registered for the system, including 8 673 shippers, 3 707 shippers-cum-freight forwarders, 2 113 freight forwarders and 18 119 truck drivers.

2. Hong Kong Customs and the Guangdong Customs officially launched the Single E-lock Scheme (the Scheme) on 28 March 2016. Under the Scheme, the Hong Kong Customs' Intermodal Transshipment Facilitation Scheme is connected with the Mainland's Speedy Customs Clearance System to build a green logistics corridor between Hong Kong and Guangdong, which helps streamline clearance formalities and expedite cargo transshipment. Since its commencement, the Scheme has been running smoothly, and the number of Mainland clearance points has increased by 11 (or 50%) to 33. C&ED will continue to actively promote and publicise the Scheme, and will explore ways to extend the coverage of the Scheme through further increasing the number of Mainland clearance points in collaboration with the Mainland Customs.

3. At present, 37 companies have been accredited as Authorised Economic Operators. The mutual recognition arrangements (MRA) that Hong Kong has signed with the Mainland, India, Korea, Singapore, Thailand, Malaysia and Japan respectively are becoming operational. Besides, Hong Kong is also set to enter into an MRA with Australia in 2017. In the future, the Department will endeavour to negotiate MRAs with other major trading partners as well as economies along the Belt and Road.

4. C&ED will continue to upgrade the functions of ROCARS to provide stable and reliable services for shippers and truck drivers. In collaboration with the Mainland Customs, C&ED will continue to further the development of the Single E-lock Scheme and explore more diversified measures to facilitate customs clearance. Furthermore, C&ED will strengthen facilitation measures for enabling traders to enjoy preferential tariff on goods transhipped between the Mainland and her trading partners through Hong Kong. This will in turn reinforce Hong Kong's advantage as a logistics hub in the region. As these duties are part of the overall work of C&ED, it is hard to quantify the expenditure separately.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB(CIT)267**

**(Question Serial No. 1064)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

(1) Could the Government tabulate the number of complaints received, complaints substantiated and successful prosecution cases regarding the contravention of the Trade Descriptions Ordinance in the past 3 years? Among the complaints received, how many were lodged by tourists visiting Hong Kong?

Year	Number of complaints received	Number of complaints substantiated	Number of successful prosecution cases	Number of complaints lodged by tourists
2014				
2015				
2016				

(2) What specific measures, such as undercover operations, will the Government take to accord priority to the complaints lodged by tourists visiting Hong Kong in order to ensure their consumer rights are protected during their stay in Hong Kong?

Asked by: Hon YIU Si-wing (Member Question No. 19)

Reply:

(1) Information on the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department (C&ED) in the past three years is as follows:

Year	Number of complaints received	Number of complaints filed for investigation	Number of prosecution cases	Number of conviction (company/individual)	Number of complaints lodged by tourists visiting Hong Kong
2014	6 447	701	74	76	553
2015	6 088	168	112	126	488
2016	7 260	144	71	71	241

(2) C&ED will continue to actively enforce the TDO by adopting a three-pronged approach, including enforcement, compliance promotion as well as public education and publicity, in order to protect consumers through combating common unfair trade practices at source.

On enforcement, C&ED has taken active steps to handle complaints by conducting in-depth investigations and collecting relevant evidence. In addition, to ensure traders' compliance with the law, C&ED conducts different forms of patrols and targets high-risk products and shops under repeated complaints, including undercover operations in which officers pose as customers to perform inspection and investigation.

In addition, C&ED has set up a "Quick Response Team" to expedite the handling of complaints on suspected contravention of the TDO filed by short-term visitors during their stay in Hong Kong. Upon receiving complaints from these visitors, the Quick Response Team will be deployed to the shops concerned promptly for investigation and evidence collection as well as providing immediate assistance to the visitors.

During festive seasons such as the Lunar New Year and the National Day Golden Week, C&ED officers will distribute pamphlets at various popular tourist shopping areas to enhance tourists' understanding on unfair trade practices, so as to raise their awareness on self-protection, and to inform them that they may seek assistance from C&ED when aggrieved by such practices.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)012****(Question Serial No. 3174)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in tabular form the sales figures of the duty-free cigarette, tobacco and cigar in duty free shops at the entry and exit points in Hong Kong in the past 3 years, and the sales values of each of the above duty-free tobacco products.

Asked by: Hon CHAN Chi-chuen (Member Question No. 21)Reply:

The sales figures of the duty-free cigarette, tobacco and cigar in duty free shops at the entry and exit points in Hong Kong in the past 3 years are as follows:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cigarettes (million sticks)	4 331	4 459	4 138
Tobaccos (kg)	13 295	13 369	13 006
Cigars (kg)	25 380	22 368	23 580

The Customs and Excise Department does not maintain data on the sales values of the above duty-free tobacco products.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)013**

**(Question Serial No. 2478)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Government please provide:

- 1) details on establishment of staff responsible for combating smuggling and distribution of illicit cigarettes, including the staff's rank, number and salary point;
- 2) the number of reports received on illicit cigarettes and the quantity of illicit cigarettes seized in the past 3 years; and
- 3) prosecution information for the past 3 years in the following table.

	Number of cases		
	2014	2015	2016
Penalties on convicted persons			
Not Convicted			
Community service order			
Fines of \$5,000 or less			
Fines ranging from \$5,001 to \$10,000			
Fines ranging from \$10,001 to \$50,000			
Fines over \$50,000			
Imprisonment for 6 months or less, subject to suspension			
Imprisonment for over 6 months, subject to suspension			
Imprisonment for less than 30 days			
Imprisonment for 30 to 89 days			
Imprisonment for 90 to 179 days			
Imprisonment for 180 days to 1 year			
Imprisonment for over 1 year			
Other penalties			

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 5 )

Reply:

1. The Customs and Excise Department (C&ED) has an establishment of 61 officers dedicated to combating illicit cigarette activities. Their rank, number and salary point are as follows:

Rank	Assistant Superintendent	Senior Inspector	Inspector	Chief Customs Officer	Senior Customs Officer	Customs Officer
Number	1	4	6	2	9	39
Pay scale	General Disciplined Services (Officer) Pay Scale			General Disciplined Services (Rank and File) Pay Scale		
Salary point	27-32	22-26	5-21	24-29	15-24	2-14

2. The number of reports received by C&ED on illicit cigarette activities and the quantity of illicit cigarettes seized by C&ED from local illegal activities in the past 3 years are as follows:

	2014	2015	2016
Number of reports received on illicit cigarette activities	1 657	1 835	1 669
Quantity of illicit cigarettes seized from local illegal activities (million sticks)	52	52	62

3. Information on prosecution against illicit cigarette activities for the past 3 years is as follows:

	Number of cases		
	2014	2015	2016
Not convicted	38	39	20
Penalties on convicted persons			
Community service order	27	24	28
Fines of \$5,000 or less	1 814	1 571	1 223
Fines ranging from \$5,001 to \$10,000	132	80	93
Fines ranging from \$10,001 to \$50,000	70	68	37
Fines over \$50,000	1	1	2
Imprisonment for 6 months or less, subject to suspension	236	256	272
Imprisonment for over 6 months, subject to suspension	2	3	-
Imprisonment for less than 30 days	401	435	377
Imprisonment for 30 to 89 days	179	131	123
Imprisonment for 90 to 179 days	75	69	59
Imprisonment for 180 days to 1 year	52	40	49
Imprisonment for over 1 year	7	1	4
Other penalties	41	52	44

Note: The figures in the above table include all cases under Programmes (1) and (4).

For cases where multiple penalties are imposed (say, the convicted person is fined and sentenced to imprisonment at the same time), such cases are counted once under every relevant category.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)059****(Question Serial No. 4153)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in tabular form the amount of the illicit cigarette, tobacco and cigar seized; the number of cases detected; and the number of persons arrested by the Customs and Excise Department for the past 3 years, and the total market values and total dutiable values of each of the above illicit tobacco products.

Asked by: Hon CHAN Chi-chuen (Member Question No. 111)Reply:

Details of cases involving illicit cigarette, tobacco and cigar seized from local illegal activities by the Customs and Excise Department in the past 3 years are as follows:

Illicit cigarette

	2014	2015	2016
Number of cases	11 532	10 231	8 286
Number of persons arrested	11 618	10 285	8 355
Amount of illicit cigarettes (million sticks)	52	52	62
Total value (million dollars)	130	140	170
Total dutiable value (thousand dollars)	95,000	99,000	119,000

Illicit tobacco

	2014	2015	2016
Number of cases	72	58	50
Number of persons arrested	72	63	42
Amount of illicit tobacco (kg)	11 800	1 200	110
Total value (thousand dollars)	200	470	35
Total dutiable value (thousand dollars)	30	2,600	160

Illicit cigar

	2014	2015	2016
Number of cases	74	91	71
Number of persons arrested	76	88	70
Amount of illicit cigar (kg)	11	20	13
Total value (thousand dollars)	40	85	81
Total dutiable value (thousand dollars)	25	49	31

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)060****(Question Serial No. 4181)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out in tabular form the amounts, total sales values and total dutiable values of the duty-paid cigarette, tobacco and cigar sold within Hong Kong for the past 3 years.

Asked by: Hon CHAN Chi-chuen (Member Question No. 4181)Reply:

In the past 3 years, the amounts of duty-paid cigarette, tobacco and cigar and the total amount of duty collected by the Customs and Excise Department (C&ED) from dutiable tobacco are as follows:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cigarettes (million sticks)	3 149	3 270	3 334
Tobaccos (kg)	22 859	20 763	18 027
Cigars (kg)	9 189	10 088	8 612
Total amount of duty collected from dutiable tobacco (\$ million)	5,841	6,302	6,413

C&ED does not maintain sales data on duty-paid tobacco products.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)061****(Question Serial No. 7210)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. What are the number of officers to be deployed by the Customs and Excise Department (C&ED) at various control points to intercept dutiable commodities and the estimated provision involved in 2017-2018?
2. What were the actual amount of illicit cigarettes seized by C&ED at various control points, the number of staff and the actual expenditure involved in the past 5 years? What will be the number of staff to be deployed by the Department for combating illicit cigarette activities and the actual expenditure in 2017-2018?

Asked by: Hon CHAN Tanya (Member Question No. 533)Reply:

1. In 2017-18, the expenditure for the work under Programme (1) Control and Enforcement by the Customs and Excise Department (C&ED) is estimated to be about \$2,706.8 million, involving 5 050 posts. Since interception of dutiable goods at control points in Hong Kong is part of the enforcement work of C&ED, it would be difficult for C&ED to separately quantify the number of officers and the breakdown of expenditure involved.
2. The amount of illicit cigarettes seized by C&ED at various control points in the past 5 years is as follows –

	2012	2013	2014	2015	2016
Amount of illicit cigarettes (million sticks)	33.1	47.2	38.3	38.4	50.9

Since interception of illicit cigarettes at control points is part of the enforcement work of C&ED, it would be difficult to separately quantify the number of officers and the expenditure involved.

Apart from intercepting illicit cigarettes at control points, C&ED will also keep up its efforts to combat the storage, distribution and peddling (including telephone ordering) of illicit cigarettes. In 2017-18, C&ED will continue to deploy 61 officers to combat illicit cigarette activities on these fronts, involving an expenditure of approximately \$23.29 million.

- End -



**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)062****(Question Serial No. 3706)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

What were the number of cases of selling illicit cigarettes through telephone ordering detected, amount of illicit cigarettes seized and number of persons arrested by the Customs and Excise Department (C&ED) in the past 5 years? What are the estimated provision and the number of staff to be deployed for combating telephone ordering of illicit cigarettes by C&ED in 2017-2018?

Asked by: Hon CHAN Tanya (Member Question No. 536)Reply:

Details of the cases of telephone ordering of illicit cigarettes detected by C&ED in the past 5 years are as follows:

	2012	2013	2014	2015	2016
Number of cases	134	195	318	452	428
Amount of illicit cigarettes seized (million sticks)	3.4	2	3	1.4	3.8
Number of persons arrested	167	225	329	465	441

In 2017-18, C&ED will dedicate a total of 26 officers to take enforcement actions against telephone ordering of illicit cigarettes, involving an expenditure of about \$9.94 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(FS)084**

**(Question Serial No. 2710)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Customs and Excise Department is responsible for performing the regulatory functions of Money Service operators (MSOs) under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) (AMLO). The Government has announced initiatives to promote the development of financial technologies and Hong Kong as a FinTech hub, and the Hong Kong Monetary Authority (HKMA), and the Securities and Futures Commission (SFC) have set up dedicated platforms for FinTech.

- (a) Does the Customs and Excise Department have staff dedicated to dealing with FinTech-related MSOs; if so, what are the manpower and expenditure involved?
- (b) If not, does the Customs and Excise Department has plans to establish a platform or recruit staff dedicated to dealing with cases related to FinTech? If so, what is the timetable and specific work arrangements? If not, what are the reasons?

Asked by: Hon LEUNG Kenneth (Member Question No. 4)

Reply:

There are 34 Customs and Excise Department officers responsible for enforcing the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, involving an expenditure of \$18.49 million. Since these officers have to handle FinTech cases in relation to money service operators at the same time, it would be difficult to separately quantify the expenditure and manpower involved.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(FS)085**

**(Question Serial No. 2711)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ( )

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Last September, the Hong Kong Monetary Authority (HKMA) launched a Fintech Supervisory Sandbox (FSS) to facilitate the pilot trials of Fintech.

- (a) Has Customs and Excise Department reviewed whether the HKMA's FSS initiative will affect the Department's responsibilities or duties? If so, what are the details and progress of such work involved?
- (b) Has the FSS affected the duties and responsibilities of the Customs and Excise Department since it was launched in September 2016? If so, what are the details of the cases involved?

Asked by: Hon LEUNG Kenneth (Member Question No. 5)

Reply:

In relation to the Fintech Supervisory Sandbox launched by the Hong Kong Monetary Authority last September, the Customs and Excise Department has conducted an evaluation and is of the view that it has no impact on the Department's enforcement work.

- End -

**CONTROLLING OFFICER'S REPLY**

**FHB(FE)381**

**(Question Serial No. 4165)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-)

Programme: (5) Trade Controls

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Food and Health

Question:

In connection with the amount of administrative penalties imposed by the Customs and Excise Department in relation to import and export declarations in 2016:

1. Please list the number of cases in which a fine was imposed for contravention of the Import and Export (General) (Amendment) Regulation 2013 (commonly known as the "export control on powdered formula") broken down by month in 2016 as well as the total amount of fines involved;
2. Regarding the cases in which a fine was imposed, how many of them ended up in default of fine payment in 2016? What was the total amount of fines in default?
3. Regarding the cases of fines in default, which types of document of identity (e.g. Hong Kong Permanent Identity Card, multiple-entry endorsements, etc.) did the defendants hold?
4. Normally, how does the Government handle cases of default of fine payment? What is the expenditure involved?

Asked by: Hon CHAN Chi-chuen (Member Question No. 124 )

Reply:

1. In 2016, there were 3 379 cases in which a fine was imposed by the Court for contravening the Import and Export (General) (Amendment) Regulation 2013 and the total amount of fines involved was \$12.7 million. Details are as follows:

Month Imposed	Number of Cases	Amount of Fines
January	281	\$1,107,400

February	200	\$734,700
March	302	\$1,321,500
April	246	\$961,000
May	273	\$1,107,300
June	284	\$1,030,300
July	249	\$909,600
August	294	\$1,059,800
September	312	\$1,104,300
October	313	\$1,092,900
November	314	\$1,195,500
December	311	\$1,076,500
Whole Year	3 379	\$12,700,800

2. & 3. The Judiciary does not have the relevant breakdown figures.

4. A magistrate may issue a summons or a warrant of arrest to any person who fails to pay a fine. However, it is difficult to separately quantify the expenditure for handling such cases.

- End -